

# OLC Board December 22 & 2022/23 Q3 Reporting

25 January 2023

<b>Agenda Item No.</b>	5	<b>Paper No.</b>	125.4	<b>Time Required</b>	15 Minutes
<b>Title</b>	Operational Performance Report				
<b>Sponsor</b>	David Peckham – Head of Operations, BI and Transformation				

**Executive Summary**

- LeO has closed **567** cases in December against a BP target of **892** a **64%** achievement. Revised trajectory that takes into account seasonality was set at **527**. This mean the team achieved **107%** of the revised target and **22%** more then December 2021.
- **262** were cases resolved with investigation decisions and **305** were cases resolved by our front end team (FET) which include PAP and Early Proportionality.
- YTD LeO has closed **6880** cases which is more than what was closed in the entirety of 21/22. 6880 closures represents a **91%** achievement of the BP target and is **50%** more then at the same time in 21/22
- Quarter 3 2022/23 compared with Q3 21/22 saw a **42%** increase in closures, with a monthly average of **51.09** FTE established investigators, that is a **17%** decrease in experienced resource.
- Over the quarter the total closures stand at **2186** vs a Business Plan assumption of **2642** which represents a **82.7%** achievement against target a **17.3% variance** against Quarter 3 closure target.
- 713 cases added to the Pre Assessment Pool (PAP). This will provide more opportunities for FET to achieve 400 per month in Q4. Expectation is that this will increase to 800 per month for January and February, before returning to 600
- The PAP has increased this month which was expected due to the festive period as well as the increase in new cases going into the PAP. PAP stands at **4658** which is **19%** reduction on December 2021 but is 18% behind the BP target.
- PAP has seen a **24%** in year reduction and we are on course to reduce the PAP by **27%** by year end (**4262**)
- Productivity for established investigators resolving cases under an investigation has reduced as expected due to the festive period to 3.19 (**18%**) and remains well behind the BP target of **5.8**. When factoring in the productivity of FET however, this increase the overall productivity to **6.39**. **For the remainder of 22/23, the expected productivity for BAU has been set to 4 which is in line with the yearly average.**
- **Year To Date we have delivered 91% of BP target. However current trajectories show following a review of the assumptions, we are on course to achieve between 91% - 93%**
- We remain behind our expected number of Full Time Established investigators as outlined in the BP (**51.41FTE Vs 75.15FTE**). Expected Monthly average was 59.54 vs an actual of 47.19. This represents a monthly loss of **53** closures or **474** closures Year To Date. With these closures we would have achieved **97%** of the BP target.
- Strong performance is needed in Q4. Focus will remain to achieve BP target, however for Jan and Feb 23 the minimum is to achieve the revised targets of **864** and **757**.

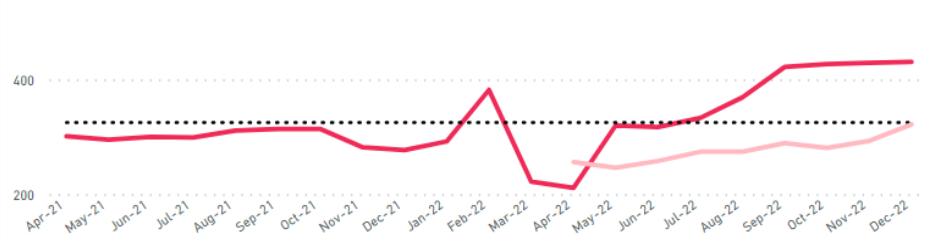
**Recommendation / Action Required**

- Board to note in month and Q3 performance

## Key Performance Metrics

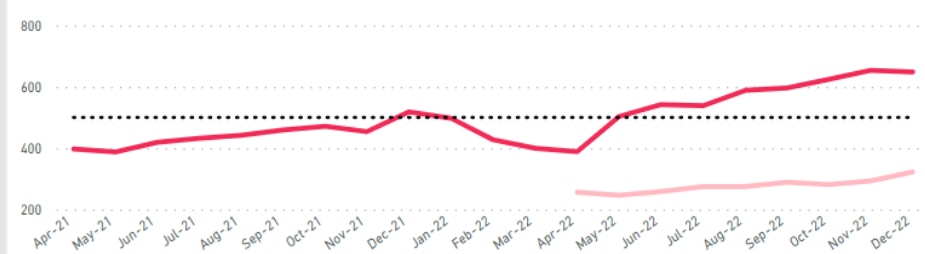
**KPI02 - Customer Journey Time - Low Complexity Cases** ↓↑

● Low complexity BAU ● Target - Low complexity ● Combined closures



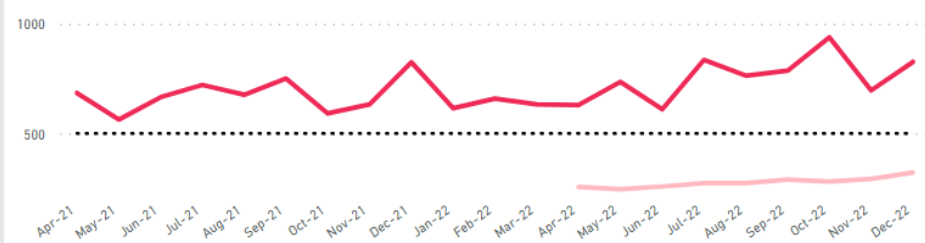
**KPI02 - Customer Journey Time - Medium Complexity Cases** ↓↑

● Medium complexity BAU ● Target - Medium complexity ● Combined closures

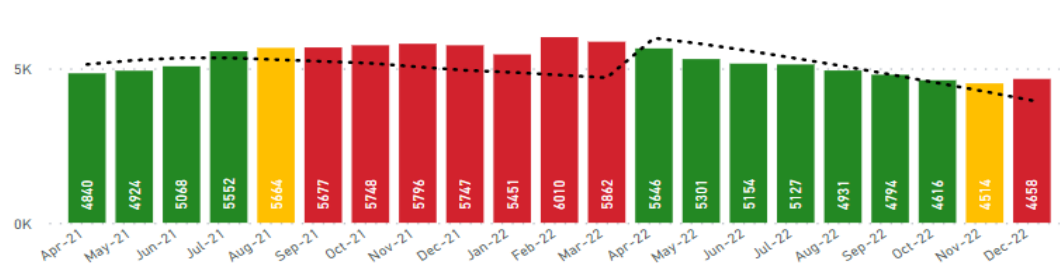


**KPI02 - Customer Journey Time - High Complexity Cases** ↓↑

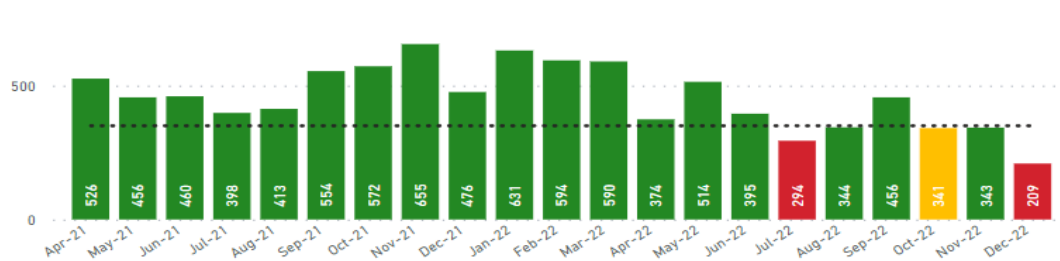
● High complexity BAU ● Target - High complexity ● Combined closures



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

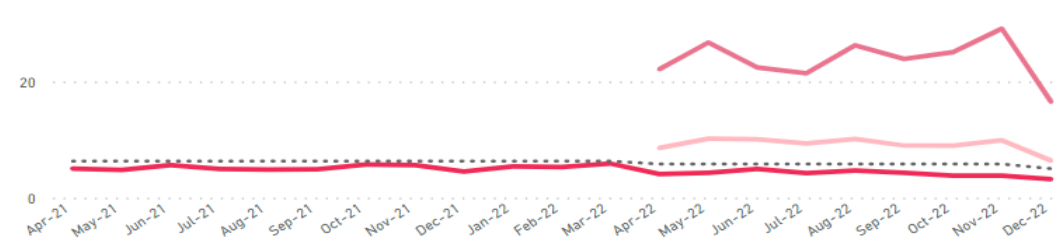


**MI05 - Cases taken from the PAP to Investigation** ↑↓



**BM01 - Productivity per (established) investigator** ↑↓

● Closures per established investigators ● Closure FET ● Closures Combined ● Target



## Customer Journey Time

FET continue to have a positive impact on the overall customer journey time. Customers within FET experienced a **65.66% shorter journey time in December** than the average for low complexity cases.

For customer helped within FET, average customer journey time for those who didn't need a full investigation was just 148 days. We expect this to continue to drop as FET work through cases in the PAP and the balance shifts to predominantly newly received cases.

For all cases resolved (including FET), the overall customer journey time for all complexities, including Low Medium and High, decreased slightly to 322 days which is only just below our low complexity CJT target of 325 days.

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.

## PAP volumes

The volume of the PAP increased in month for the first time in 9 months. This was expected due to the increase in cases added to the PAP and the reduction in closures impacted by the festive period. December finished at **4658** vs an assumption of 3959. This equates to 20% in year reduction from the 2021/22-year end position. Operations and Business Intelligence continue to review assumptions monthly to ensure that we continue to reduce the PAP to almost a third by the end of the year.

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 2022/23 will be within Quarter 4 as closures increase further above core demand, and December cohort take a large volume of cases, circa. 360 as they ramp up their productivity.

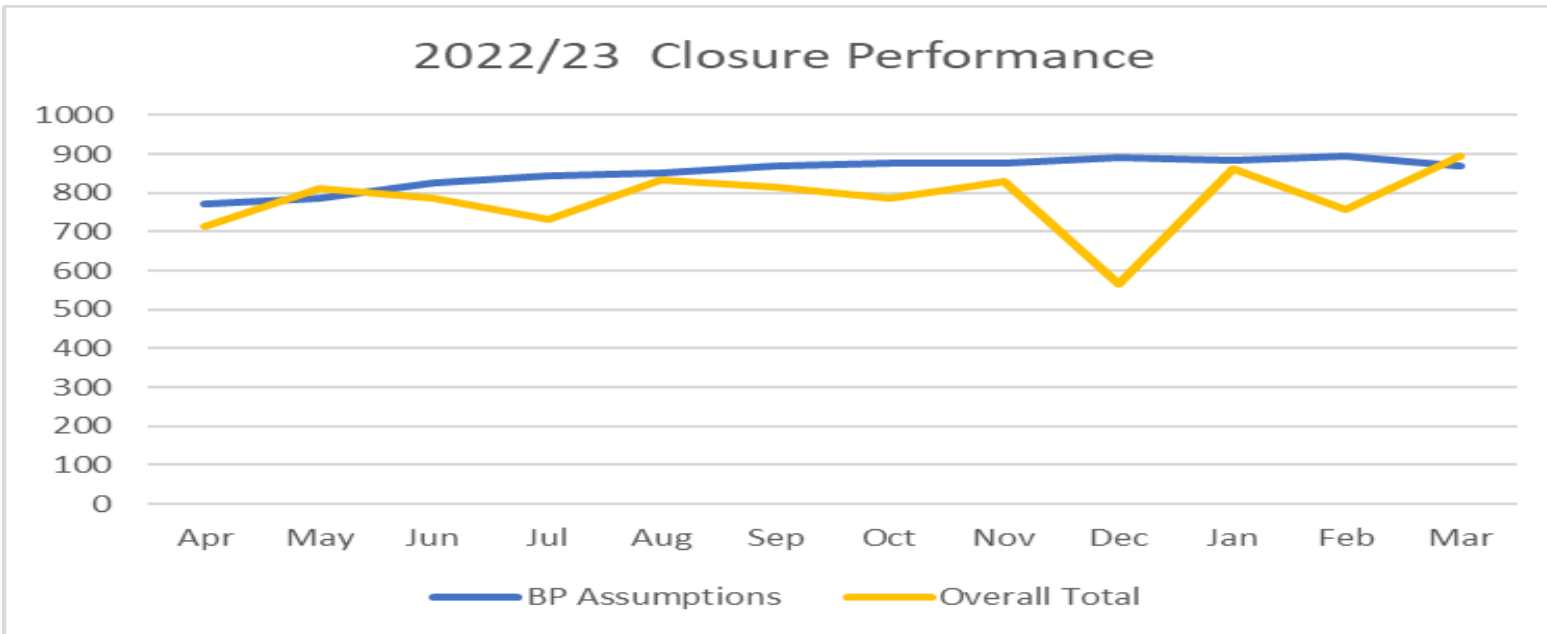
## Closures

In December we closed **567** cases vs **892** assumption. For context December 2021 closures were **466**, with **16%** more establishes investigators. Year To Date performance represents a **22%** increase on the equivalent period last year despite having less established investigators and more annual leave being taken in seasonal months.

# Closures 2022/23 YTD & Forecast

22/23	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Total	Percentage Achievement
BP Assumptions	772	788	825	844	853	869	876	875	892	885	894	871	10244	91.71%
Cases closed after	299	352	341	325	357	357	327	332	261	464	357	495	4267	
Early Closures (FET)	415	459	447	407	477	458	461	499	305	400	400	400	5128	
Overall Total	714	811	788	732	834	815	788	831	567	864	757	895	9396	

2022/23 Closure Performance



### Productivity

2022/23 Now reduced to 4

### November 2022 Recruitment

19.57 FTE - Productive in January 2023

### Scheme rules

2022/23 - Increase in core demand to 800 to accommodate FET closures opportunity's

### Attrition

2022/23 - Quarter 4 Increased above worst case scenario at 3 FTE per month

# 2023/24 Assumptions and Trajectories Review

Operations, Executive and Business Intelligence teams have completed a full review of 2022/23 assumptions following Performance and Quality Group and Board feedback . This review has determined the 2023/24 trajectories

The following steps were taken to test the accuracy, realism and integrity of the data to ensure we deliver the most transparent set of trajectories possible.

- Operations aided by Business Intelligence team conducted a line by line review of each known assumption, including known factors that were not included in 2022/23 assumptions, short term sick as an example. This review created amended set of trajectories, including the data that was not available during the 2022/23 trajectories setting process.
- The resulting outputs were tested by LeO's Executive and further changes were made following that feedback.
- These changes were presented to Performance and Quality group on the 10<sup>th</sup> January 2023. The group completed a further line by line analysis of all assumptions and trajectories
- Outputs were amended further where LeO executive agreed, and a further explanation has been issued for discussion at full board 25<sup>th</sup> January 2023 for areas that were queried but Executive have subsequently determined are accurate
- ARAC on 16<sup>th</sup> January 2023, sought assurance that the governance and oversight around the robustness of the assumption and trajectory setting process was in place. This assurance was given verbally by the Performance and Quality Group Chair

A separate paper has been issued documenting the outcome of this process, slide 8 and 9 are the end range of outputs for worst and likely scenario

# 2023/24 - Looking Ahead

23/24	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Total
Cases closed after investigation	264-333	370-443	403-476	365-441	440-517	403-498	424-520	415-520	163-273	379 - 529	368-480	276 - 480	4269-5453
Early Closures (FET)	257	257	257	257	257	257	257	257	257	257	257	257	3084
Nudge closures	40	40	40	40	40	40	40	40	40	40	40	40	480
Overall Total	561-630	667-740	700-773	662-738	737-814	700-795	721-817	712-817	460-570	676-826	665-777	573-721	7833-9017
Year	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	
22/23	5646	5301	5154	5127	4931	4794	4616	4514	4658	4594	4637	4262	
23/24	4325-4256	4283-4141	4206-3991	3979-3656	3676-3246	3410-2854	3198-2515	2995-2176	3044-2084	2930 - 1789	2827-1544	2816 - 1353	

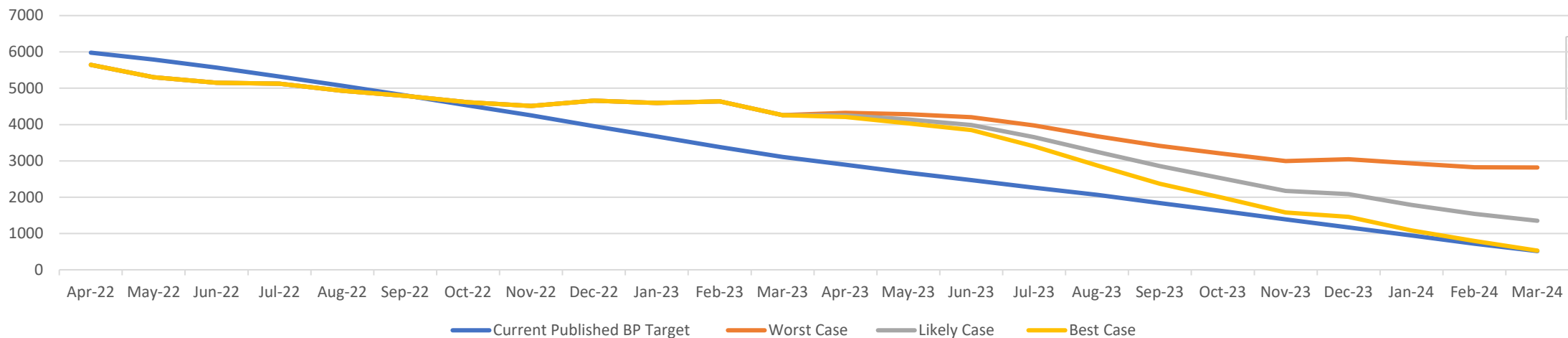
Overall Closures **7833 - 9017**

April 2024 PAP **1333 – 2816**

This gives us an approximate customer wait time in the PAP of **45 – 100** days at the end of 2023/24. This is a significant improvement to the customer experience, reflecting the progress and improvements that continue to be made in reducing customer wait times.



### Overall PAP Journey



- PAP has seen a **24%** in year reduction since April 2022 and we are on course to reduce the PAP by **27%** by year end 2022/23 (**4262**) in comparison to March 2022. By March 2024 the expectation is that the PAP will be between a 45 – 100 day wait time on average before it is taken for investigation.

<b>Agenda Item No.</b>	6	<b>Paper No.</b>	125.4	<b>Time Required</b>	10 Minutes
<b>Title</b>	Performance Dashboard – Quarter 3 Reporting: People				
<b>Sponsor</b>	Debbie Wright, Head of People Strategy & Services				

### Executive Summary

#### HR Performance Metrics – Quarter 3

- **Attrition** – Q3 sees the reduction in overall attrition continue, having fallen steadily for 5 consecutive months. In October it stood at **23.7%**, falling to **20.3%** in December. There were also positive indicators with investigator attrition, which had been highlighted as a concern in Q2; attrition for this cohort also fell on a month-by-month basis during Q3, from **27.4%** in October to **24.5%** in December. The current overall attrition target within our risk appetite measures is 19%; this places us within the ‘amber’ category (2-3% over target) for tolerance.
- **Sickness** – Q3 continued to build on the positive movements seen in Q2. Sickness levels fell from an average of **12.76 days** per employee in October, to **11.92 days** in December, the lowest figure yet over the rolling 12-month period and the sixth consecutive month sickness levels have fallen. The current sickness target within our risk appetite measures is 11 days; the current sickness absence figure places us within the ‘green’ category for tolerance.
- **Recruitment (time to fill)** – this increased over the quarter, from **14.7 weeks** in October to **17.9 weeks** in December. The increase is largely due to difficulty in recruiting to some Corporate posts, particularly in HR, 3 of which are still unfilled. If the HR posts are excluded, time to fill stands at 15 weeks. There are currently no targets or tolerance levels set for recruitment; these will be developed as part of phase 2 of the risk appetite process.

### Recommendation / Action Required

- Board is asked to **note** the Quarter 3 People Report.

## People Strategy

Key People Strategy/HR activity during Q3 includes:

- Roll-out of the new Leadership Development programme – first session ('Setting Objectives and Career Development') delivered to managers in November
- New Personal Development Review (PDR) process launched in December
- Permanent appointments made to 3 key roles within new HR team
- Pay benchmarking exercise (all LeO roles) commenced in November
- Review of Recruitment Policy and associated processes currently underway
- Comprehensive review of payroll and associated processes underway, in liaison with Finance colleagues.

Upcoming priorities for Q4: recruitment to remaining posts with HR; review of Staff Council and networks; review of employee benefits; development of recruitment/attraction, total reward and engagement/retention strategies.

## 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 are beginning to have impact.

However, overall attrition has fallen for the fifth consecutive month and now stands at 20.3% in December; over Q3 investigator attrition fell month-by-month, reversing Q2's trend.

Attraction/retention strategy remains a key focus for the re-prioritised People Strategy.

## Recruitment

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

- Readvertising of a number of Corporate posts: HR Business Partner, HR Co-Ordinator, Payroll/HR Assistant, Project Manager and Solicitor
- Selection process underway for ICT Manager and interim ED&I Manager
- Executive Support Assistant cover to be sourced via agencies.

Appointments made in Operations to:

- Investigator posts (20) – start date 28/11/22
- L1 Ombudsman posts (8) – start date 28/11
- Operations Manager (secondment) – start date 3/1/23.

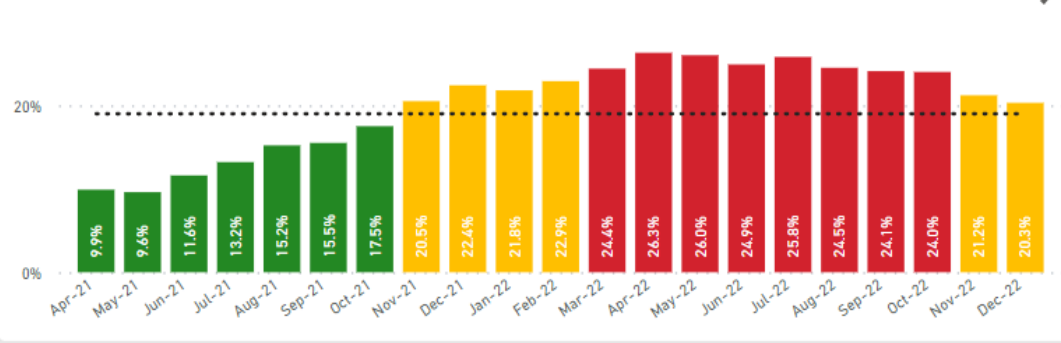
## EDI Update

ED&I informs all aspects of HR practice. Current areas of focus relate to ED&I considerations as part of the ongoing 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.

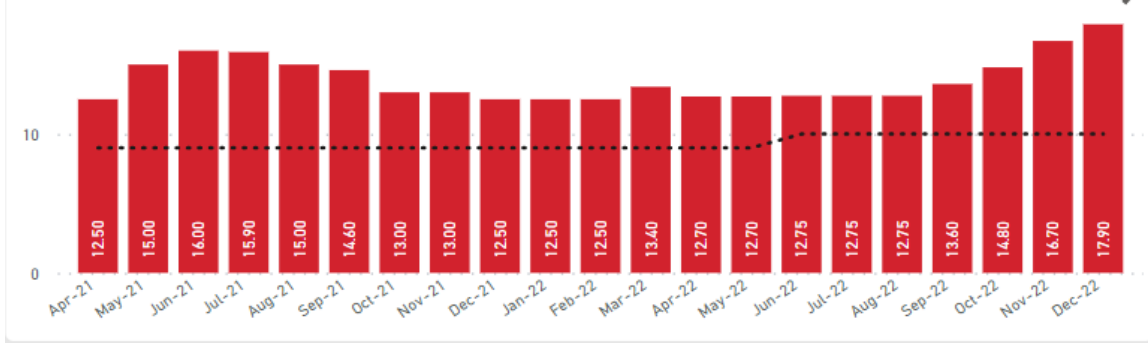
The ED&I Manager left the business in December. An internal, interim EDI Manager post opportunity has been agreed to cover the vacancy pending a review of permanent requirements going forward.

## Key Performance Metrics

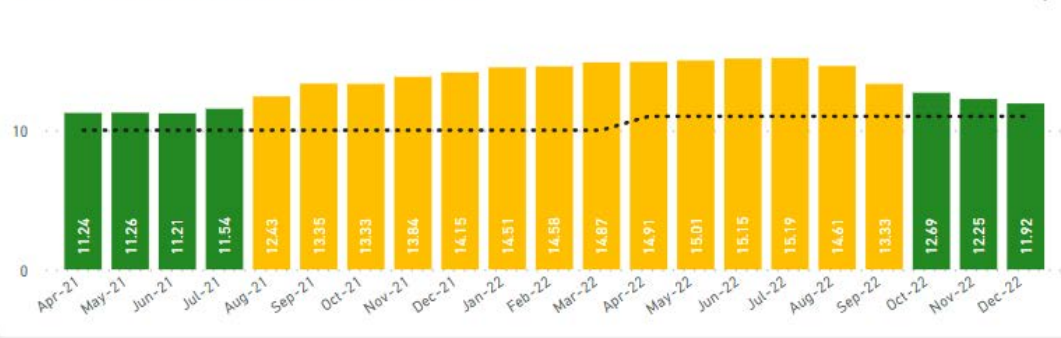
PI11 - Staff Attrition (All permanent Voluntary Leavers) ↓↑



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



PI09 - Sickness, lost days per head ↓↑



## Key Performance Metrics – Emerging Trends, Issues, Exceptions

### Attrition

Attrition figures are currently collected on a monthly basis over a rolling 12-month period. Q3 sees the steady reduction in overall attrition continue; in October it stood at **23.7%**, a reduction of 2.1% from the start of the previous quarter (i.e., July, 25.8%). During Q3 it fell month-on-month to **21.1%** in November, then by a further 0.8% in December to **20.3%**. The current overall attrition target within our risk appetite measures is 19%; this places us within the 'amber' category (2-3% over target) for tolerance.

Investigator attrition also fell during the quarter, standing at **27.4%** in October, then falling by 1% to **26.4%** in November and then by a further 1.9% to **24.5%** in December. This reverses the position in Q2, that saw attrition for this cohort rise during the quarter, peaking at 28.4% in September.

Corporate attrition fell from **37.6%** in October to **26.6%** in November and December.

### Points for Board to note / further updates

There was a total of 11 leavers during Q3, 8 of whom were from Operational roles, 3 from Corporate. Of the 8 Operations staff, 3 were regretted; the remaining 5 had been subject to performance management processes.

Two of the Corporate leavers left for promotion/development opportunities, one took retirement.

## Key Performance Metrics – Emerging Issues, Trends, Exceptions

### Recruitment – Time to Fill

The time taken to fill vacancies has increased over Q3, standing at **14.7 weeks** in October, **16.4 weeks** in November and increasing again to **17.9 weeks** in December. The increase is largely due to the inability to recruit to Corporate posts, particularly in HR, 3 of which are still unfilled. If the vacant HR posts are excluded, time to fill stands at 15 weeks.

There are currently no targets or tolerance levels set for recruitment; these will be developed as part of phase 2 of the risk appetite process.

### 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

- Q3 saw a further reduction in sickness absence – from an average of **12.76 days** per employee in October, to **12.50 days** in November and then to **11.92 days** in December, the lowest figure yet over the rolling 12-month period. The current sickness target within our risk appetite measures is 11 days; the current sickness absence figure places us within the 'green' category for tolerance.
- This steady reduction in absence continues the trend seen in Q2, with sickness absence levels falling steadily over a 6-month period. Long-term sickness remains low at 63 days over the quarter, 7% of all sickness during Q3.
- Mental health-related absence was the main reason for sickness absence over the quarter, but levels remained broadly steady (61.5 days lost in October, 59 in November and 63 in December) and are significantly lower than at the start of Q2 (130 days lost in July).
- Covid absence levels also remained steady over the quarter (18, 20 and 19 days lost in October, November and December respectively); the second main cause of absence in December was due to colds, influenza and viruses (53.5 days lost).
- The cost of sickness absence fluctuated throughout the quarter (£36,130 in October, £41,912 in November, £29,269 in December).

### Points for Board to note / further

The pleasing reduction in sickness absence has been largely due to the proactive management of complex employee casework over the summer period by the external HR consultant, with this work then continued following the appointment of a new Strategic HR Business Partner and HR Business Partner, who have taken a proactive approach to employee casework. The new Absence Management Policy has been in place since July which is also providing a focused framework by which to manage sickness absence in a timely and consistent way.

<b>Agenda Item No.</b>	<b>7</b>	<b>Paper No.</b>	<b>125. 4</b>	<b>Time Required</b>	<b>10 minutes</b>
<b>Title</b>	Quality assurance update				
<b>Sponsor</b>	Steve Pearson – Deputy Chief Ombudsman				

### Executive Summary

Alongside the usual suite of quality assurance reviews, the data for Q3 provide us with the first insight into levels of customer satisfaction for cases resolved under the FET initiatives.

#### Quality and Customer Satisfaction:

- Quality reviews have also shown some pleasing increases in performance for FET reviews. This reflects the growing maturity of the FET workstream and the impact of the insights and learnings taken from quality reviews undertaken in quarters 1 and 2. Some of the issues identified in our reviews relate specifically to PAP proportionality work and, as that workstream slows over the next few months we would expect to see a further increase on overall performance against quality metrics. In the meantime we will continue to work to improve quality of our communication with our customers, ensuring they are able to make suitably informed decisions on their cases.
- The quality reviews undertaken for cases handled outside of FET have shown a deterioration both in terms of service and outcome. Within GET the reviews show a need to work on the standards of our correspondence and to ensure that our staff are able to make initial decisions on jurisdiction, which will be particularly important as we transition to the new Scheme Rules in April. For time and resource reasons we did not carry out service reviews for investigators in the resolution centre this quarter, but are fully sighted and continue to focus on the issues that affect this area around case progression, scoping and poor communication. Within our Ombudsman cohort we saw an uncharacteristic dip in performance which was reflective of some poor practice in relation to our approach to case dismissals. Work has already taken place with the ombudsman cohort to address this issue. Again, as we move to implementing the new Scheme Rules, which increases the scope of SR 5.7, the need to ensure consistency and good practice in our Ombudsman cohort is crucial.
- Although the findings of our customer satisfaction surveying should be read with caution, given the small sample size and the absence of a comparison, the initial indications are very positive. Our customers clearly value the improved speed and efficiency and early resolution that comes through FET. Levels of customer satisfaction are broadly as high as for BAU casework and in some instances higher – it is pleasing to see that the inclusion of FET work into our reporting has not had an adverse impact on overall performance against targets. We will continue to track this trend in coming quarters.
- Customer satisfaction levels in our BAU work remain below expected levels and the trends seen in previous quarters around delay and communication continue to be present. Operations and quality colleagues have had a focus on standards of communication over this quarter and the learnings from that work will be fed back into the business over the coming months as we work to overcome the known issues in this area.

#### Service Complaints:

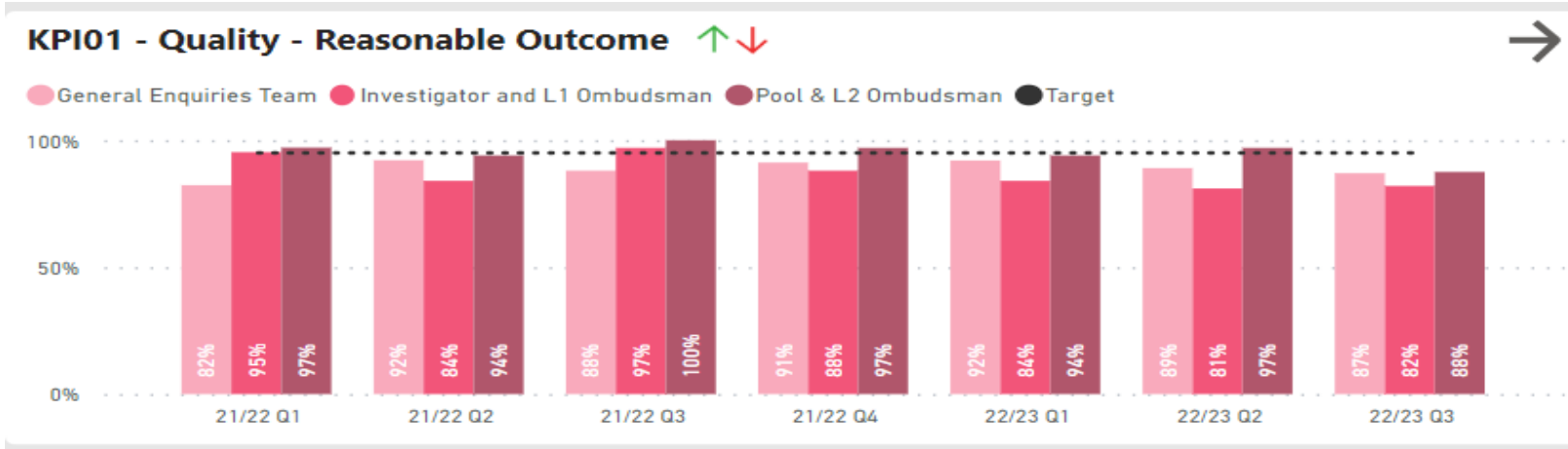
There has been an increase in the number of new service complaints received and the number of complaints resolved – this is reflective of increased resource in this area and not of any significant deterioration in service standards or increase in new complaints.

### Points for Board to note / further updates

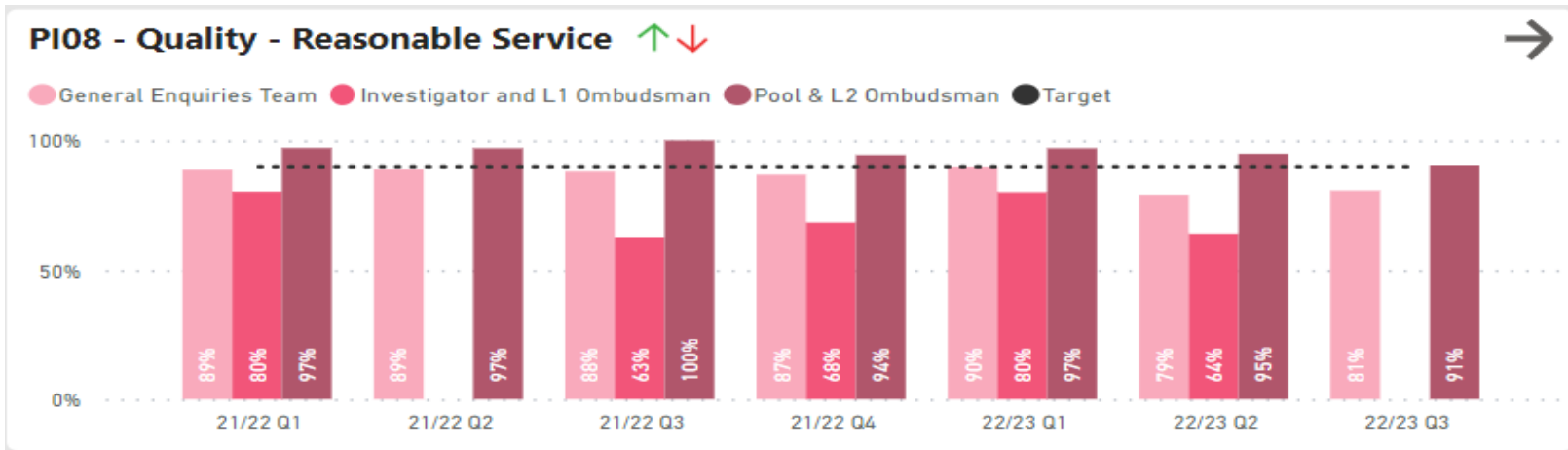
- Positive performance from FET across all metrics – increased insight and assurance around the impacts of FET will come in subsequent quarters
- BAU performance continues to demonstrate known issues around delay, communication. Steps have already been taken to address new issues identified in this quarter's reviews which reflects the proactive and collaborative approach being taken to quality assurance across the organisation.



# Quality Assurance - ADS



	21/22 Q1	21/22 Q2	21/22 Q3	21/22 Q4	22/23 Q1	22/23 Q2	22/23 Q3
General Enquiries Team	82%	92%	88%	91%	92%	89%	87%
Investigator and L1 Ombudsman	95%	84%	97%	88%	84%	81%	82%
Pool & L2 Ombudsman	97%	94%	100%	97%	94%	97%	88%
Target	95%	95%	95%	95%	95%	95%	95%



	21/22 Q1	21/22 Q2	21/22 Q3	21/22 Q4	22/23 Q1	22/23 Q2	22/23 Q3
General Enquiries Team	89%	89%	88%	87%	90%	79%	81%
Investigator and L1 Ombudsman	80%	0%	63%	68%	80%	64%	0%
Pool & L2 Ombudsman	97%	97%	100%	94%	97%	95%	91%
Target	90%	90%	90%	90%	90%	90%	90%

# Quality Reviews – Q3

This table evidences performance against Quality metrics across the various individual areas of the business RAG rated against target and with direction of travel indicated.

	Service				Outcome			
	Target	Q2	Q3		Target	Q2	Q3	
GET	90%	79%	81%	↑	95%	89%	87%	↓
GET Overall	90%	79%	81%	↑	95%	89%	87%	↓
FET	90%	77%	94%	↑	95%	71%	83%	↑
BAU Inv (incl L1)	90%	58%			95%	87%	82%	↓
RC Overall	90%	64%			95%	81%	82%	↑
FET ombi	90%	71%	100%	↑	95%	100%	95%	↓
BAU Ombi	90%	100%	91%	↓	95%	97%	88%	↓
All Ombi Overall	90%	95%	94%	↓	95%	97%	90%	↓

NOTE – ADS for Ombudsman (Service and Outcome) only reflects BAU (not FET) to ensure consistency of data for comparison purposes.

# FET reviews

Quality of service and outcome in FET have shown signs of significant improvement through Q3 which is reflective of the hard work that has been put in the learn from Q2 quality reviews and to constantly evolve and improve the process.

Areas for continued improvement are:

## **FETi**

Service: Ensuring that we retain a customer focussed approach particularly for PAP proportionality cases  
 Ensuring that customers are fully informed when making a decision on a FET outcome  
 Making sure correspondence is customer focussed and reflects the nuances of the FET process

Outcome: Ensuring that customers fully understand the FET process and the fact that it is an early resolution without full investigation.  
 Ensuring that we fully explain the implications of the various outcomes particularly 5.7 (c) dismissal based on reasonable offer made.  
 Providing clear explanations for proposed outcomes

## **Ombudsman**

Outcome: Ensuring that we are clear and comprehensive in our dismissal decisions as to the reason and SR ground for the dismissal.

	Service review			Outcome review		
	Target	Q2	Q3	Target	Q2	Q3
FET - FETi/GETi	90%	77%	94%	95%	71%	83%
FET - L1 Ombudsman	90%	71%	100%	95%	100%	95%

# BAU reviews

Q3 saw a drop in the levels of service and outcome achieved through the BAU side of the process. The issues driving the failures remain broadly consistent with ones seen in previous quarters and work is underway to address issues around clear explanation of process and, particularly the case fee implications of our resolutions.

## GET:

Service: Unclear language not inspiring confidence in LeO’s expertise.

Outcome: Delays in progressing challenge to LeO’s jurisdiction, incorrect advice around jurisdiction.

## BAU Investigations:

Service: No service reviews in Q3 for investigators but reviews for L1 Ombi (investigations) showed 87% - issues relating to delays in progression and communication and poor handling of calls.

Outcome: Poor explanation around case fee implications for service providers. Lack of explanation around process and access to case decision and ombudsman determination.

## Ombudsman:

Service: Unclear decision letters, lack of attention to detail which would diminish confidence in LeO’s expertise or that comments had been considered when making decision.

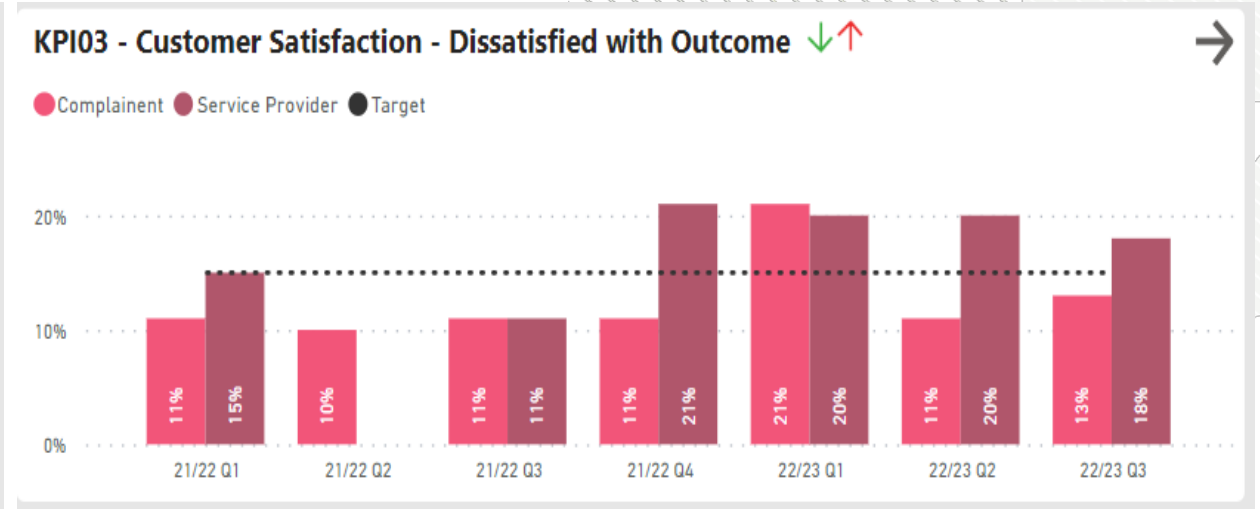
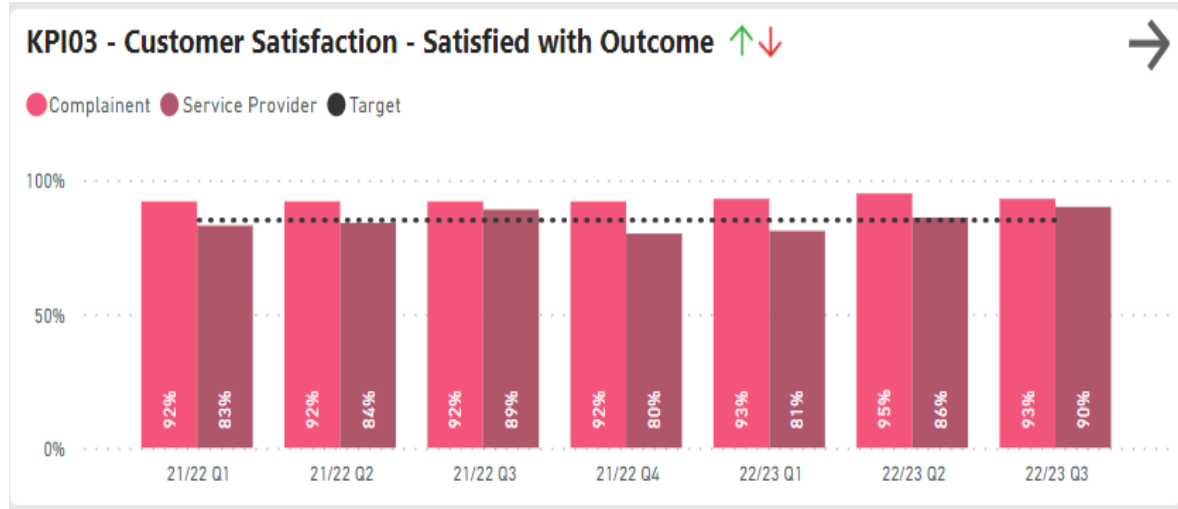
Outcome: Taking too broad an approach to dismissal decisions. Not linking detriment to poor service in remedy. Not addressing comments fully.

GET - RCT/OCT/CH
BAU - Investigations
Ombudsman

Service Reviews		
Target	Q2	Q3
90%	79%	81%
90%	58%	
90%	100%	91%

Outcome Reviews		
Target	Q2	Q3
95%	89%	87%
95%	87%	82%
95%	97%	88%

# Customer Satisfaction



End of Process Customer Satisfaction surveys undertaken in Q3 reflect cases closed in Q2 and record for the first time the combination of levels of satisfaction seen in cases handled under our BAU process and those handled under FET initiatives.

It is reassuring to note that the use of the FET initiatives does not appear to have had a detrimental impact on overall levels of customer satisfaction.

The themes and trends noted in previous updates on levels of customer satisfaction remain in this quarter's results. Our customers continue to reflect negatively:

- Levels and standards of communication
- Delays in LeO's process
- Reallocations mid investigation
- Time taken to progress an investigation

# Customer Satisfaction

Performance against the high level metrics can be broken down as follows:

		BAU	FET	Overall
Complainant	Satisfied with Outcome: Satisfied with Service	94%	91%	93%
	Dissatisfied with Outcome: Satisfied with Service	10%	24%	13%
Service Provider	Satisfied with Outcome: Satisfied with Service	89%	92%	90%
	Dissatisfied with Outcome: Satisfied with Service	18%	0%	18%

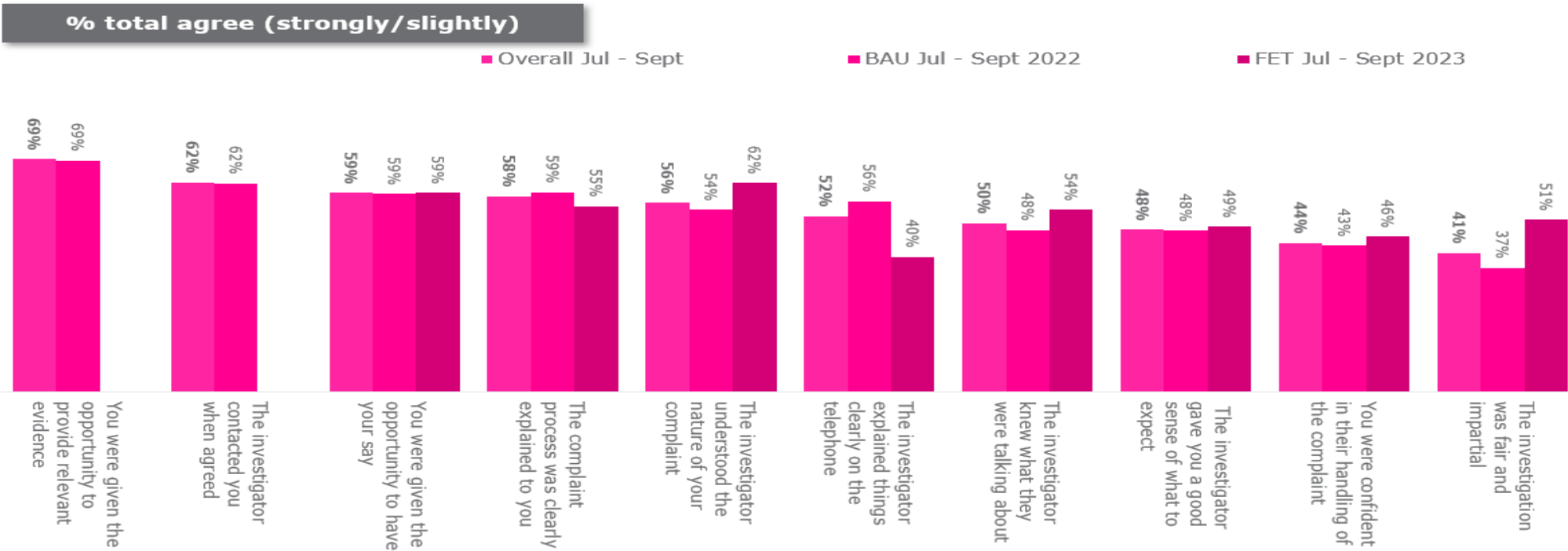
- Levels of satisfaction for cases closed by way of FET initiatives appear to compare favourably with those cases closed by way of BAU process.

## NOTE:

- Although the overall number of respondents to the survey is relatively small (363 complainants and 127 service providers) it is consistent with levels seen in previous quarters and exceeds an expectation of around 10-15% response rate.
- We take confidence in BAU figures, despite small sample size, based on similar levels of performance over several years of reporting.
- The proportion of response relating to FET closures were 117 complainants and 40 service providers. Therefore, although the data is indicative, we should be cautious about drawing definitive conclusions based just on this quarter's reviews.
- We are also aware that SR 5.7 dismissals were not surveyed historically as they accounted for under 10% of all closures. As SR 5.7 dismissals now account for over 40% of all closures, from next quarter onwards cases closed by 5.7 dismissal will be surveyed. This is not expected to significantly impact performance against the metric but will provide important verbatim comments for us to reflect on.

# Customer Satisfaction

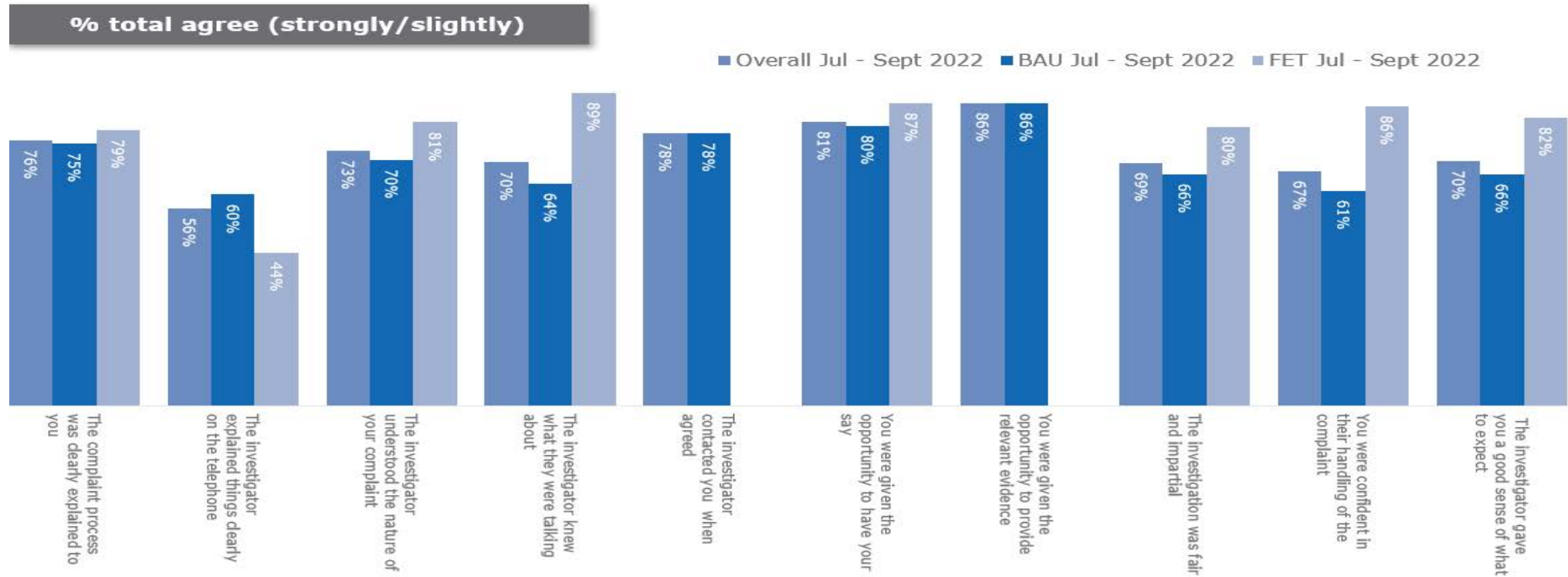
## Satisfaction with aspects of the LeO service



**COMPLAINANTS**

# Customer Satisfaction

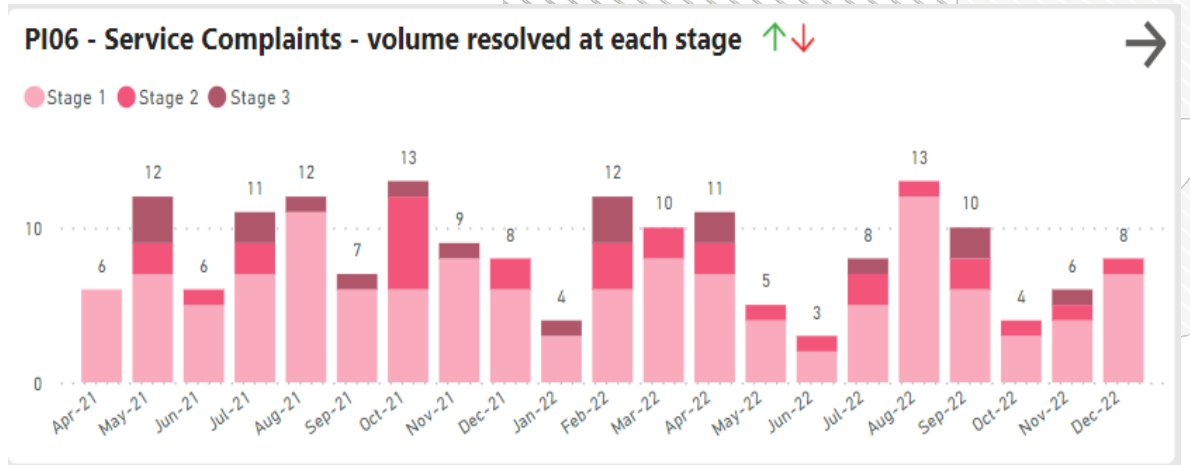
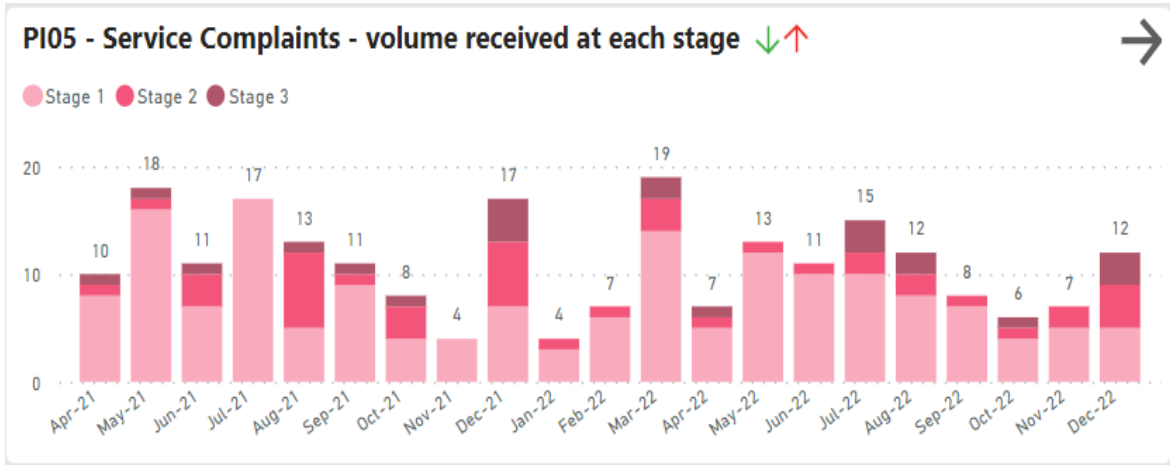
## Satisfaction with aspects of the LeO service



**SERVICE PROVIDERS**



# Service Complaints



The increase in numbers of new complaints being received and resolved is reflective of the increase in resource within the service complaints team which, as a result is now able to process more complaints on a monthly basis than of late. The themes from service complaints remain consistent with previous quarters:

- 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 manager to avoid replication of action / behaviour.

The findings, themes and trends identified from service complaints are raised quarterly at Quality Committee to ensure that learnings are identified and shared.

The service complaints team continues to collaborate with Operations colleagues to ensure that the learning for upheld service complaints is used to help drive both individual and organisational service improvement.

- The development of the Multi Disciplinary Team helps us ensure that RAs are identified and addressed to avoid future concerns in this area.
- The Operations teams approach to relocations process has been reviewed to help reduce wait times and reduce customer dissatisfaction.

<b>Agenda Item No.</b>	<b>8</b>	<b>Paper No.</b>	<b>125.4</b>	<b>Time Required</b>	<b>10 minutes</b>
<b>Title</b>	Finance Report				
<b>Sponsor</b>	Michael Letters				

### Executive Summary

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

#### December YTD Actual Expenditure

Staff costs are currently £356k underspent (3.8 %) The reasons for this are well understood around staff attraction and retention, including higher maternity leave than forecast, and mitigating actions were implemented from an early stage. We tried to address the underspends arising by recruiting more investigators in Quarter 3 but the quality of the candidates was below the expected standards so a lower number of FTEs were recruited than planned. The number reduced further when some of the offers we made were not accepted. Work is now underway on the last recruitment campaign of this financial year which is aimed at bringing in more than 20 investigators in April.

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 budget within 1% tolerance and have reacted to movements in the assumptions driving the forecast.
- A number of recent events have led to a current forecast which is outside of tolerance by £15k at £168k. The Executive team continue to explore options to bring this back into tolerance.

#### Financial Reporting

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

- Payment of Creditors - Average payment days are 26 days for Q3.

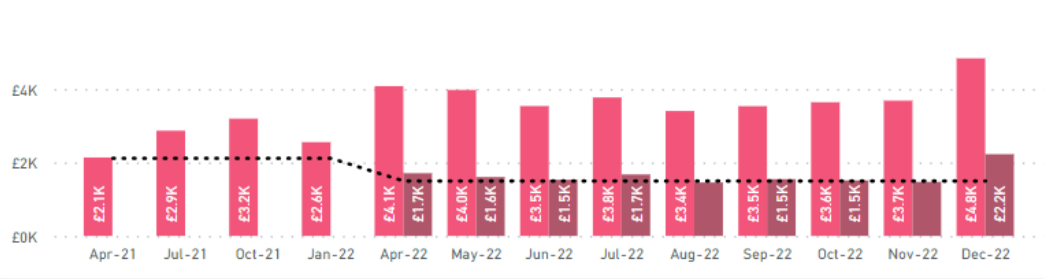
### Recommendation / Action Required

- This paper is for information and assurance.

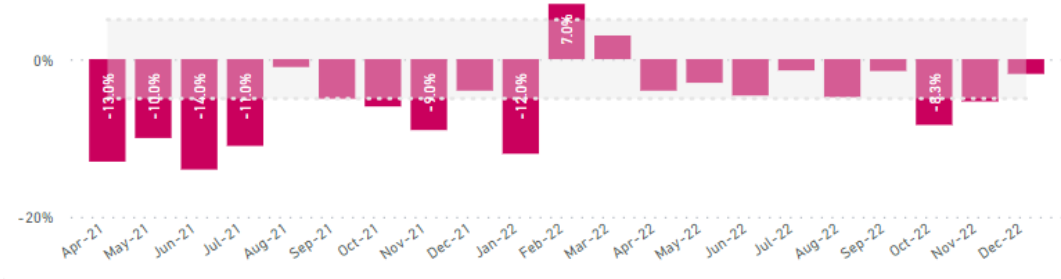
## Key Performance Metrics

### KPI06 - Unit Cost ↓↑

● Unit cost ● Unit cost inc early closures ● Target



### PI17 - Budget variance against forecast ↓↑



## Exceptions

- Unit costs are highest so far this year because of lower closures due to the shorter working month because of the Christmas break, compounded by the cost of 18.4 FTE Investigators and 5 FTE L1 Ombudsman who started on the 28th of November 2022 and who were being training in December.
- Budget variance this month is within agreed tolerances

## Income

Case Fee income is £313 k under budget reflecting the fact that the increased closures achieved in Quarter 1, Quarter 2 and Quarter 3 have largely come from Front End Team early resolution 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 £475k.

As previously updated to Board any short fall in case fee income will affect the levy income since this is how the scheme operates. Increasing the levy by £475 k would add 3.4% 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.

## Staff Cost

Staff costs are underspent by **£356k** year to date.

The underspend is mainly driven by the Resolution Centre Team 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.
- There has been a higher than anticipated level of attrition and recruitment plans to reduce the underspend have failed to attain the planned number and quality of candidates.

## Non-Staff Cost

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

The principal underspend is in IT (£105k) – driven by licence costs which increase with the head count and have been negatively affected by high attrition levels and failure to recruit the number of planned new and replacement staff.

Premises expenditure is £44k 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 and additional Health and Safety costs.

There is additional interest income (£50k) 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 December is £224k vs £188k budget. Capital expenditure tends to be uneven in spending profile.

£87k has been spent on premises expenditure:

- £12k Cardiff Hub fit out
- £32k office pods
- £26k IT room installation
- £17k furniture

IT expenditure of £137k has been spent on:

- £119k IT hardware (mainly laptops)
- £143k CMS development – principally meeting requirements of the Legal team.
- £5k website development

## Staff Costs

Staff costs are forecast to be £207k underspent.

This is driven by lower investigator recruitment in Q3 which did not deliver the number of appropriate candidates which we had aimed to recruit (£145k)

Recent movements:

- [REDACTED] FoI Exempt: s40 Personal Information
- Maternity pay increase (not eligible for LeO maternity pay (£12k)
- Reduction in forecast SG investigator promotions (£22k)
- Solicitor appointed for a January start date has failed to start (£21k)
- Recruitment campaign for Q1 initiated (+£120k)

## Non-Staff Cost

Non staff expenditure forecast is forecast to be overspent by £39k (a reduction of £11k)

Principle movements since Q2:

Reduction:

- £37k further reduction in software licence forecast
- £44k reduced facilities costs; previous forecast included increase in landlord service charges which has not materialised in Q3

Increase

- Board Effectiveness review and workshop facilitation £20k
- Additional research £5k
- £22k increased depreciation from Capex purchases
- HR Legal support and management training £15k

**Overall underspend forecast is £168k.** This includes a number of factors contributing to the underspend which are out of the control of LeO:

- £32k reduction in Employer's NI contribution following government removal of 1.25% increase
- £62k additional interest on deposits due to interest rate rises

## Capital

We are managing carefully the £250k capital budget, and have now expect to spend the full allocated budget.

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	1,203	1,171	32	10,334	10,446	(111)
Income - Case fees	46	100	(54)	587	900	(313)
Income - Other	13	15	(2)	117	135	(18)
<b>Total Income</b>	<b>1,262</b>	<b>1,286</b>	<b>(24)</b>	<b>11,039</b>	<b>11,481</b>	<b>(442)</b>
Staff Costs	1,032	1,049	18	9,064	9,420	356
Travel & Subsistence	1	1	(1)	6	6	1
Fees & Consultancy	33	24	(10)	191	218	26
IT & Telecoms	94	118	24	957	1,061	105
Premises & Facilities	50	43	(7)	398	355	(44)
Other costs	19	5	(14)	92	41	(51)
<b>Total Cash Expenditure</b>	<b>1,230</b>	<b>1,239</b>	<b>10</b>	<b>10,708</b>	<b>11,101</b>	<b>393</b>
Interest & Charges	-23	-7	16	-131	-66	65
Depreciation	55	54	(1)	460	445	(15)
<b>Non Cash Expenditure</b>	<b>31</b>	<b>46</b>	<b>15</b>	<b>330</b>	<b>380</b>	<b>50</b>
<b>Total Revenue Expenditure before tax</b>	<b>1,261</b>	<b>1,286</b>	<b>25</b>	<b>11,038</b>	<b>11,481</b>	<b>443</b>
Taxation	1	0	(1)	1	0	(1)
<b>Total Revenue Expenditure</b>	<b>1,262</b>	<b>1,286</b>	<b>24</b>	<b>11,039</b>	<b>11,481</b>	<b>442</b>
<b>Surplus / Deficit</b>	<b>(0)</b>	<b>0</b>	<b>(0)</b>	<b>0</b>	<b>0</b>	<b>(0)</b>
<b>Capital Expenditure</b>	<b>82</b>	<b>40</b>	<b>(42)</b>	<b>224</b>	<b>188</b>	<b>(37)</b>
Fixed Assets - IT	82	30	(52)	137	111	(26)
Fixed Assets - Premises	0	10	10	87	77	(11)

Balance Sheet	December 2022 £'000
Premises	656
IT Hardware & Software	286
<b>Total Non Current Assets</b>	<b>942</b>
Cash & Bank	7,905
Debtors	10,357
Prepayments	342
<b>Total Current Assets</b>	<b>18,604</b>
<b>Total Assets</b>	<b>19,547</b>
Creditors	(549)
Accruals	(814)
Lease Commitments	(447)
<b>Total Current Liabilities</b>	<b>(1,810)</b>
<b>Net Current Assets</b>	<b>16,794</b>
<b>Net Assets</b>	<b>17,737</b>
Retained Earnings	
Grant in Aid PY / Levy/ Reserves	(17,737)
<b>Reserves</b>	<b>(17,737)</b>

## Aged Debtors and Trade Creditors Days to Pay

### Trade Debtors Analysis - Dec 22

Current £'000	30 days £'000	60 days £'000	90 days + £'000	total £'000
17	28	10	46	101
17%	28%	10%	46%	
Provision for doubtful debts				-50
Net trade debtors				<u>51</u>

Days to pay	2020/21	2021/22	2022/23 Q1	2022/23 Q2	2022/23 Q3
average payment days	39	31	37	28	26
% of invoices paid on time	34%	67%	54%	84%	87%

### Trade Debtors

- Aged Debts (over 60 days) are at £56k. This has increased recently due to the absence of the credit controller who has been off sick. This is being monitored, and cover is being provided within the team.

### Trade Creditors

- Q3 shows a significant improvement on 2021/22, Q1 and Q2 resulting from the continuation 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.