

# OLC Board Quarter 1 2023/ 24 Performance Dashboard Reports

20th July 2023

<b>Agenda Item No.</b>	3	<b>Paper No.</b>	128.2	<b>Time Required</b>	<b>15 Minutes</b>
<b>Title</b>	Operational Performance Report				
<b>Sponsor</b>	David Peckham – Head of Operations, BI and Transformation				
<b>Status</b>	<b>OFFICIAL / OFFICIAL SENSITIVE / SECRET / TOP SECRET</b> <i>Official</i>				
<b>Equality Diversity and Inclusion</b>					
<b>EDI implications</b>	<b>Yes</b>				
<b>Update on operational plans</b> – Operational changes to 2 <sup>nd</sup> stage of scheme rules has the potential for impact for EDI customers. This is covered within EQIA for scheme rules impact					
<b>Freedom of Information Act 2000 (Fol)</b>					
<b>Paragraph reference</b>	<b>Fol exemption and summary</b>				
	This is not exempt				

## Executive Summary

- Leo closed **557** cases in June and outside of the BP target range of **781 - 726**. As at the end of Qtr.1 closures are outside of the BP target range of **2094-1955** with **1865** cases resolved, **95%** of the lower end of the range (91 cases)
- The PAP has reduced to 3686. This is the 14<sup>th</sup> reduction in 15 months. Whilst this continues to reduce it is outside of the lower end of Business Plan range of **3442 – 3304**. This is predominantly affected by the reduced number of cases in work in progress as we are 10 FTE investigators down and the number of reallocations attributable to attrition. This stops new cases being taken from the PAP
- During June **280** were cases resolved with investigation decisions and **277** were cases resolved by FET which related only to Early Proportionality, this is the lowest recorded by FET since the initiative was fully implemented April 22. The total number of cases resolved by FET during Qtr.1 was **991 (53% of total closures)** and **874** resolved with investigation (**47%** of total closures).
- In June **499** cases were triaged to the Early Proportionality Queue (EPQ) against an expected number of **624** and **240** cases added to the PAP Low (185) and Medium (55) complexity queues. Overall, Qtr.1. there have **604** cases triaged to the EPQ against an expected **1872** and **702** cases added to the PAP Low (542), Medium (158) and High (2) complexities. Throughout Qtr.1 resource for core demand has been negatively impacted by attrition and the new Scheme Rules approach, however with the current recruitment campaign this is expected to improve by the end of Qtr.2.
- Productivity for established investigators resolving cases under an investigation was at **3.54** for June 23 and YTD against a BP target of 4.08. When factoring in the productivity of FET however, this increases the overall productivity to **5.79** for June and **6.28** for Qtr.1 23-24.
- During Qtr.1 we lost 6.8FTE Established and 8 Non-established investigators, attrition in the investigator cohort remains a risk ,however following a recent recruitment campaign there are now a further 28FTE in post and work is in progress to create a bank of potential recruits to ensure that there are potential candidates to offer roles as they arise instead of holding large scale campaigns.
- Despite operational issues the picture is still one of improving service to customers, with a continued reduction in PAP wait times, and older cases closing in higher volumes. With both High and Medium wait times reducing by up to **133 and 97** days respectively from peak in June 2022

## Recommendation / Action Required

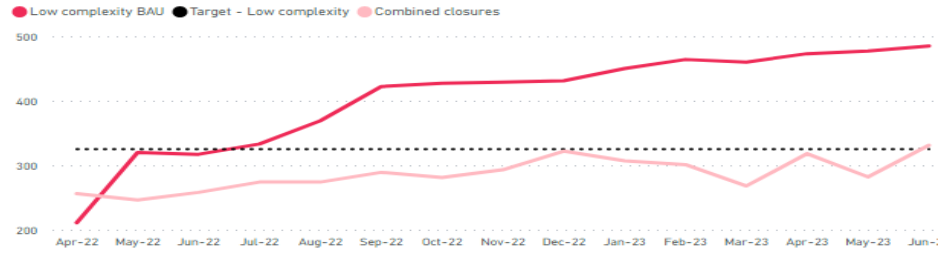
- Board to note Q1 performance

- Over 50% new customers are resolved at an Early Resolution stage, for these customers, wait times have now fallen to an average of **60** days. (PI03)
- The average resolution time for all outcomes including early resolution (FET) increased in Quarter 1, from 97 to 110 days (PI03), reflecting the continued focus in BAU investigation to progress and close older investigations with associated longer investigation times.
- PAP wait times, the amount of time a customer waits for a BAU investigation, continue to fall for High and Medium complexity customers. Since the end of financial year 2022/23 (MI06)
  - High complexity has dropped from **227 – 212 (Peak June 2022 - 345)**
  - Medium complexity **261 – 245 (Peak June 2022 – 341)**
  - Low has remained static **179 – 181 (Peak December 2022 – 185)**

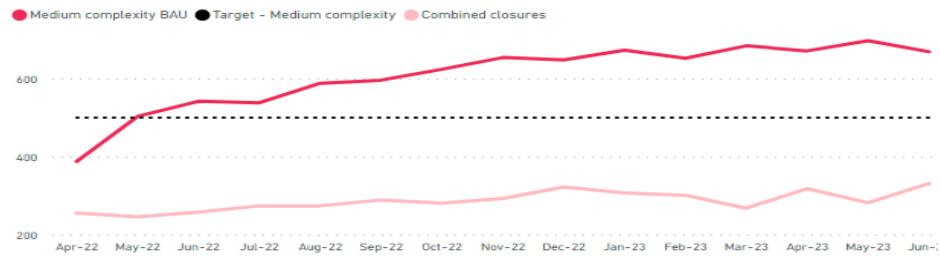
Low wait times have remained static as a result of improved triage within the front end of the process, this has significantly reduced the number of mediums cases that are now being categorized as low, without having a detrimental effect on low wait times.

## Key Performance Metrics

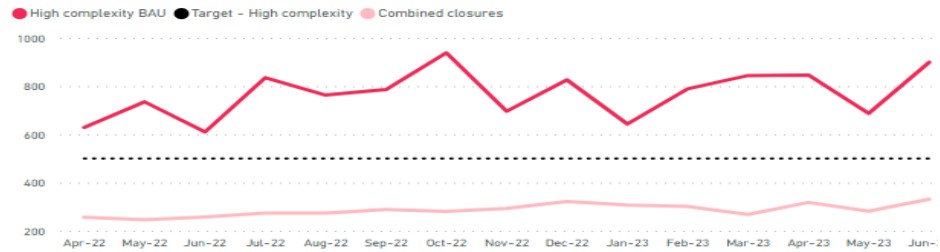
KPI02 - Customer Journey Time - Low Complexity Cases



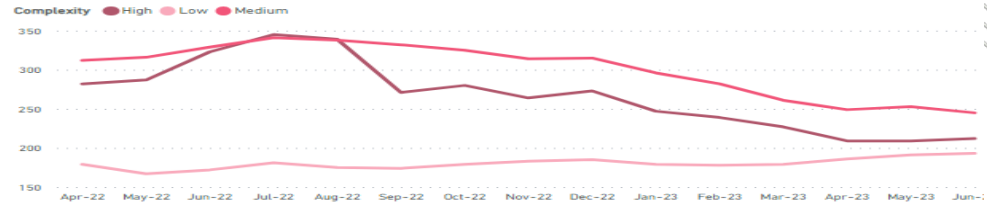
KPI02 - Customer Journey Time - Medium Complexity Cases



KPI02 - Customer Journey Time - High Complexity Cases



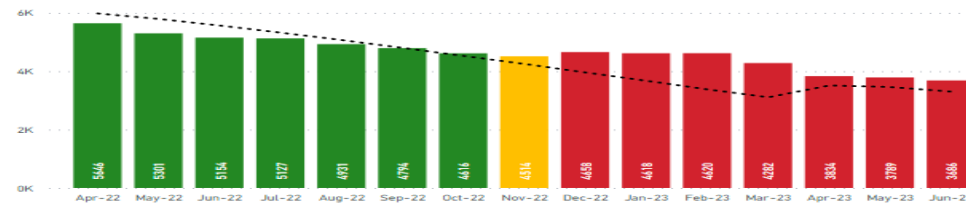
MI06 - Current average wait time in the PAP



KPI03 - Customer Journey - Investigation Time Only



KPI08 - Volume of cases awaiting assessment (PAP)



## **Scheme rules changes**

This has increased the volume of work required in our General Enquiries Team. Circa 600 cases have needed to be manually checked for discretion on time limits changes. This is to ensure that access to LeO's service was fair and reasonable during the transition period from old to new Scheme Rules.

The temporary backlog that this has created has meant that the volume of cases we expected to start within the Front End Team has been reduced by approximately 300 cases over Q1. This reduction in flow, reduces the opportunity within the Front End Team to close these cases, resulting in a circa. 150 drop in resolved cases.

## **Ombudsman resource**

Level 2 Ombudsman are dealing with higher than usual numbers of High complexity decisions. These are our most technical and lengthy cases. On average one High complexity decision takes over 3 full days for a Level 2 Ombudsman to complete, this equates to 11 Front End Team dismissal decisions in a comparable time. At present we have 63 High decisions to be completed

We have a large cohort (25 FTE) of new starters requiring time to ensure they are supported to perform for customers as they develop the skills required; this increases the demand on Ombudsman time in both assurance checking and general advice requests. There is also decision draws on their time, such as new starter induction training, attending events etc.

As a result, this meant that there was a higher number of cases awaiting Ombuds decision at the end of June, this affected performance by an estimated 110 resolved cases. This alone would have seen us finish the quarter within the Business plan ranges.

## **Attrition**

This remains a significant challenge at investigator level. There are continuing known issues with employee value proposition, especially core pay when compared to other Ombuds schemes, of which Local Government and Social Care Ombudsman and Housing Ombudsman have both recently recruited, drawing staff at higher pay. This attrition has a significant impact on delivery, Investigator attrition is currently operating beyond worst case scenario planning and is 10 FTE below Business Plan assumptions.

## **Targeted overtime**

This is an effective lever as it focuses experienced and existing staff already up to speed to complete additional work. This is particularly key in GET as they focus on clearing Scheme Rules cases and deliver opportunities into FET. It also has an in-month impact on closures as our Ombudsman clear decision backlogs.

## **Moving additional resource to the Front End Team**

Given the volume of work in the General Enquiries Team to clear scheme rules work, it is expected that this resource will stay for a period of 6 months whilst we clear all the General Enquiries Team delays.

## **Reducing Quality and Feedback volumes for Ombudsman**

As we move resource across to the General Enquiries Team, this reduces the volume of Quality and Feedback checks that are required by those moved by approximately 25%. This reduction frees up L1 resource to concentrate on decisions, which lead to resolved cases.

# 2023/24 - Looking Ahead

23/24 Total closures numbers

23/24	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Total
23/24 BP assumption	636-597	677-632	781-726	696-665	800-762	736-688	691-649	676-628	540-511	627-545	651-608	617-543	8128-7555
Cases closed after investigation	300	294	279	352 - 314	445 - 400	383 - 326	357 - 304	373 - 288	244 - 188	360 - 241	386 - 308	373 - 253	4146 - 3495
Early Closures (FET)	264	340	217	285	285	285	270	270	270	255	255	255	3251
Nudge closures	40	70	60	40	40	40	40	40	40	40	40	40	530
Overall Total	604	704	556	677 - 654	770 - 740	708 - 666	667 - 629	683 - 613	554 - 513	655 - 551	681 - 618	668 - 563	7927 - 7411

2023/24 PAP Ranges

Year	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
23/24 BP Assumption	3552-3513	3544-3460	3442-3304	3273-3073	3007-2738	2814-2466	2706-2284	2617-2117	2646-2086	2663-1990	2617-1870	2636-1784
23/24	3834	3789	3763	3552	3254	3030	2918	2822	2826	2845	2797	2804



<b>Agenda Item No.</b>	4	<b>Paper No.</b>	128.2	<b>Time Required</b>	15 Minutes
<b>Title</b>	Quality and Service Assurance Update				
<b>Sponsor</b>	Steve Pearson – Deputy Chief Ombudsman				
<b>Status</b>	<b>OFFICIAL</b>				

**Equality Diversity and Inclusion**

<b>EDI implications</b>	<b>No</b>
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**Freedom of Information Act 2000 (Fol)**

<b>Paragraph reference</b>	<p><b>Slide 3 (Points for Board to note section)</b></p> <p><b>Slides 9 and 10</b></p>
<b>Slide 3 (Points for Board to note section)</b>	This section refers to an issue of caselaw which will have an impact on the operation of the scheme and needs to be the subject of internal discussion and legal advice – therefore redact under S.32 (2) (b) (i)(ii)
<b>Slide 9</b>	This section refers to an issue of caselaw which will have an impact on the operation of the scheme and needs to be the subject of internal discussion and legal advice – therefore redact under S.32 (2) (b) (i)(ii)
<b>Slide 10</b>	Relates to research which is due to be published and which will form the basis of discussions around the future of LeO’s approach to quality assurance – therefore redact under S22 and S.36(2) (b) (i)(ii)

## Executive Summary

Q1 saw us deliver a full suite of quality reviews across all areas of the operational teams. The results of customer satisfaction surveys for cases closed in Q1 will not be received until mid-August. We have also made further good progress in dealing with outstanding service complaints, successfully resolving a significant proportion at the first stage of our process thereby further reducing any adverse impact on our customers. Our Legal Team continue to deal with incoming challenges to our case work as well as the recovery of outstanding debts.

### Quality

- Although performance against both service and outcome related quality assurance metrics has dipped in Q1, assurance can be taken from the detail of the reviews that the resolutions that we reach as an organisation are robust and reasonable and that any risk in that regard is minimal.
- The principal themes and issues that are evident from our quality reviews remain consistent with those seen in previous quarters; namely poor communication and lack of progression.
- We continue to work closely with operational colleagues to identify issues that impact overall customer experience and to rectify individual issues when they are identified.
- Work is progressing, albeit at an early stage, on the quality framework review.
- Successful plenary session delivered at Ombudsman Association conference with Dr Chris Gill and Financial Ombudsman Service on the quality framework review.

### Customer Satisfaction

- Although we do not have the results of Q1 end of process customer satisfaction surveys we have no reason to believe that the results will show significant variance from those seen in previous quarters. We remain aware that levels of satisfaction with LeO's service, for both customers and service providers alike, are disproportionately impacted by the satisfaction with the outcome of the substantive complaint.

### Service Complaints:

- Through Q1 we have continued to see more complaints being resolved at Stage 1 of our formal process than new complaints being received. We also continue to see the number of complaints being resolved at Stage 1 significantly outweighing the proportion that are escalated through to the latter stages of the process.
- The themes and trends identified through service complaints remain consistent and, once again, reflect the issues that we identify through our quality assurance reviews and through customer satisfaction survey responses. Thanks to the hard work of the team and their collaboration with operational colleagues, the historic risk of complaints being raised around a perceived failure to provide reasonable adjustments has been successfully addressed.

### Legal

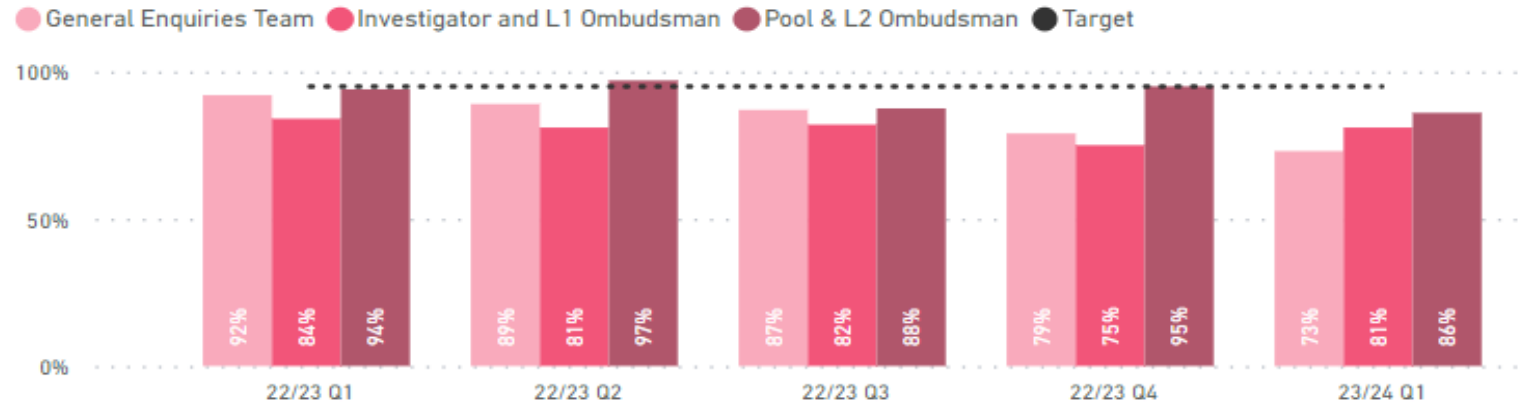
- The volumes of challenges to LeO decisions continues to remain broadly consistent when compared with levels seen in previous quarters. Feedback and learning derived from challenges is always fed back into the business and to individual members of staff to drive improvement and reduce the inherent risk of upheld legal challenges. Work is ongoing to compare levels of legal challenges to other ombudsman schemes.

## Points for Board to note / further updates

- Although performance against quality metrics generally has dipped in Q1, Board can take assurance that there were no instances where we felt the need to withdraw /reissue a decision or agreed outcome.
- New case law delivered around the ability of Ombudsman Schemes to withdraw ombudsman decisions in light of error of law.

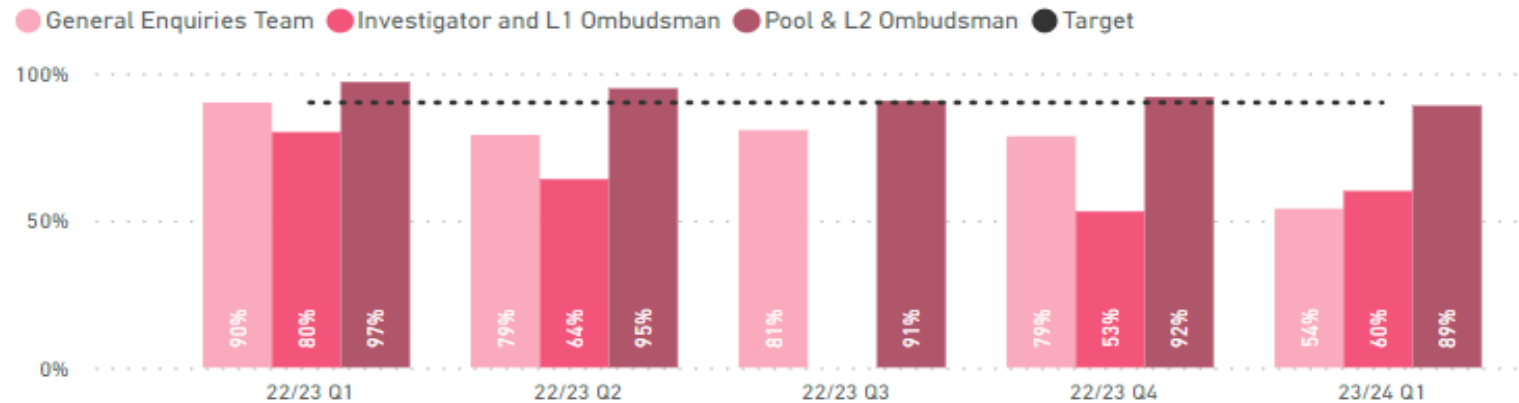
# Quality Assurance - ADS

## KPI01 - Quality - Reasonable Outcome ↑↓



	22/23 Q1	22/23 Q2	22/23 Q3	22/23 Q4	23/24 Q1
General Enquiries Team	92%	89%	87%	79%	73%
Investigator and L1 Ombudsman	84%	81%	82%	75%	81%
Pool & L2 Ombudsman	94%	97%	88%	95%	86%
Target	95%	95%	95%	95%	95%

## PI08 - Quality - Reasonable Service ↑↓



	22/23 Q1	22/23 Q2	22/23 Q3	22/23 Q4	23/24 Q1
General Enquiries Team	90%	79%	81%	79%	54%
Investigator and L1 Ombudsman	80%	64%	0%	53%	60%
Pool & L2 Ombudsman	97%	95%	91%	92%	89%
Target	90%	90%	90%	90%	90%

## Quality Reviews – Q4

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.

	Outcomes (target 95%)					
	Q1	Q2	Q3	Q4	Q1	
General Enquiries Team	92	89	87	79	73	↓
BAU Investigations	84	81	82	75	81	↑
BAU Ombudsman decisions	94	97	88	95	86	↓
FET "investigations"		71	83	94	89	↓
FET Ombudsman decisions		100	95	100	81	↓
Combined Investigations (BAU and FET)		81	82	77	84	↑
Combined Decisions (BAU and FET)		97	90	97	85	↓

	Service (target 90%)					
	Q1	Q2	Q3	Q4	Q1	
General Enquiries Team	90	79	81	79	54	↓
BAU Investigations	80	58		53	60	↑
BAU Ombudsman decisions	97	95	91	92	89	↓
FET "investigations"		77	94	82	84	↑
FET Ombudsman decisions		71	100	100	81	↓
Combined Investigations (BAU and FET)		64		57	64	↑
Combined Decisions (BAU and FET)		95	94	95	86	↓

# BAU reviews

Although Q1 reviews have shown an increase in the standards of service and outcome provided by colleagues in our Resolution Centre, the overall standard of performance against the quality metrics remains below the standard that we expect.

	Outcomes (target 95%)					
	Q1	Q2	Q3	Q4	Q1	
General Enquiries Team	92	89	87	79	73	↓
BAU Investigations	84	81	82	75	81	↑
BAU Ombudsman decisions	94	97	88	95	86	↓

	Service (target 90%)					
	Q1	Q2	Q3	Q4	Q1	
General Enquiries Team	90	79	81	79	54	↓
BAU Investigations	80	58		53	60	↑
BAU Ombudsman decisions	97	95	91	92	89	↓

From a customer service perspective, across all areas of the business, we continue to see issues relating to:

- The overall quality of written communication (lack of adherence to LeO Style Guide, typographical errors etc)
- Lack of progression and a lack of updates (with evidence of cases not being progressed for several weeks without any update)

The improvements seen in the investigations cohort is reflects the early results of the continued efforts of Operations colleagues to address the most commonly seen issues. We expect that standards of service will continue to improve as these and further interventions take effect.

The results show a drop in performance in relation to the quality of our outcomes. As noted previously, outcome reviews focus both on the outcome reached and whether processes and guidance were followed. The issues we see relate primarily to issues with process and guidance adherence as opposed to being a reflection on the reasonableness of the outcome that was reached. We continue to see

- Failure to clarify the position for service providers in relation to the payment of case fees
- Inadequate or poorly explained reasoning behind dismissal decisions

Feedback has been provided to individual colleagues and to the business as a whole on these issues.

On the basis of these reviews although “outcomes” were below and acceptable level we retain confidence that the actual outcomes reached for our customers were fair and reasonable.

# FET reviews

FET initiatives continue to deliver a considerable proportion of LeO’s overall closure numbers on a quarterly basis. As a result, although FET now represents part of the standard business process we are continuing to focus on the service provided and outcomes achieved in a cross-section of FET cases to provide assurance that even though these cases are being closed quickly, quality standards are being maintained.

	Outcomes (target 95%)					
	Q1	Q2	Q3	Q4	Q1	
FET "investigations"		71	83	94	89	↓
FET Ombudsman decisions		100	95	100	81	↓

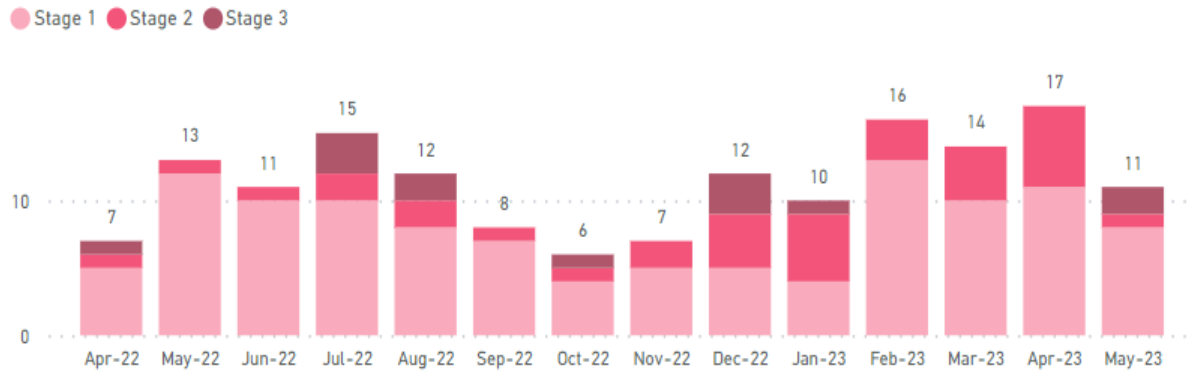
	Service (target 90%)					
	Q1	Q2	Q3	Q4	Q1	
FET "investigations"		77	94	82	84	↑
FET Ombudsman decisions		71	100	100	81	↓

Q4 saw a decline in the service and outcomes delivered by FET ombudsman which related to a lack of clarity of the reasoning behind and the implications of dismissal decisions. We also noted a lack of attention to detail and a drop off in the usage of Plain English in our written work. Again, although the performance for his cohort was lower than usual, assurance can be taken from the fact that the underlying outcome across the cases reviewed remained fair and reasonable.

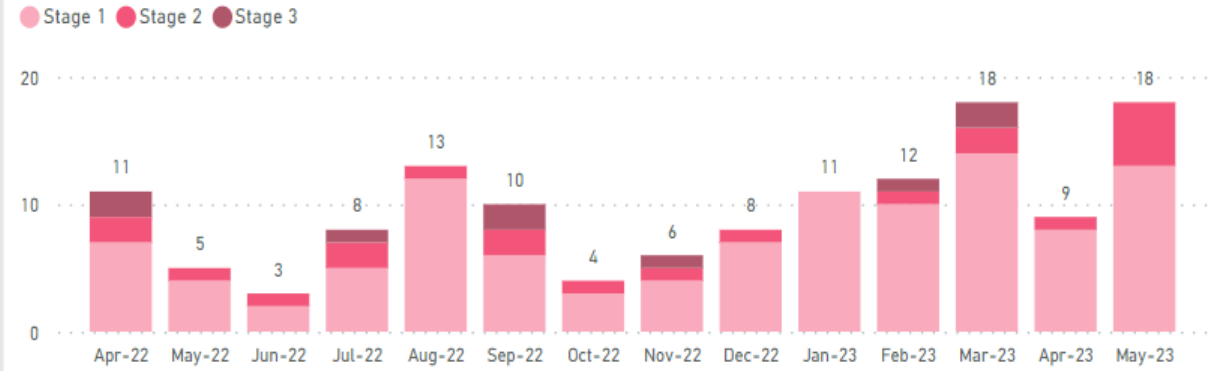
Within the “investigations” side of FET the identified issues related primarily to the standard of our communication with our customers, making sure that they fully understood the options available to them and the implications of their chosen course of action. Feedback has been provided to individuals and the team as a whole and we will continue to monitor the standard of our communication to ensure that our customers are not in any way adversely impacted by the fact that their complaints are dealt with through FET

# Service Complaints - ADS

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



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



We continue to see that the number of service complaints resolved in quarter exceeds those new ones being received and that the significant majority of those service complaints are being resolved at Stage 1 of the process. Clearly it is important for us and our customers alike that we seek to resolve service complaints at the earliest possible opportunity. It is also pleasing to see that the number of service complaints being escalated to our external service complaint adjudicator is at a very low level.

The themes from service complaints remain consistent with previous quarters:

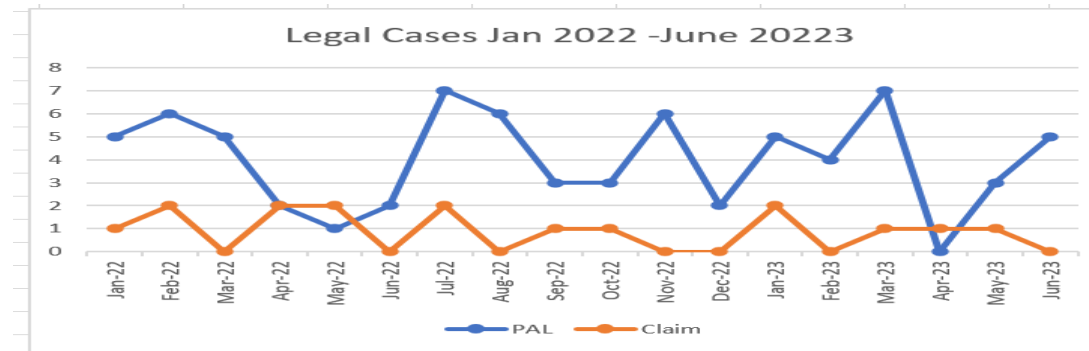
- Delay, before an investigation commences, during an investigation, and as a result of reallocation.
- Poor and inaccurate communication.
- Failure to understand the complaint.

It is pleasing to note that the instances of complaints about a perceived failure to accommodate reasonable adjustments have significantly reduced which is a reflection of the hard work of operations colleagues to learn from historic findings and improve our approach in this area.

The learning from upheld service complaints continues to be 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.

# Legal

- The volumes of pre-action letters and formal JR claims seen over Q1 remains broadly consistent with the levels seen over the last year. We are working with other ombudsman schemes to assess whether the number of challenges we receive is comparable to those received by other organisations.



- The risk of a successful challenge against an Ombudsman decision is mitigated by proactive advice on perceived high risks and high remedy cases. Each new challenge is fully risk assessed by the Legal team and an informed decision made as to whether the risk of the challenge being upheld warrants the decision being withdrawn under the implied authority granted by historic case law.
- Over Q1 3 decisions were withdrawn (which is broadly consistent with previous quarters), Two of these withdrawals related to new and compelling evidence that was provided after the decision had been issued, the other related to failure to adequately address the comments received in response to an advanced notice of dismissal.
- Recent new case law in the Court of Appeal relating to an LGSCO decision - Piffs Elms Limited V Commission for Local Administration in England v Tewkesbury Borough Council [2002] EWHC1547 (Admin) - has overturned the established position that an Ombudsman Scheme has an implied power withdraw a final report and remake a decision where it considers the decision flawed by a legal error. This has now led to their being conflicting case law in this area and as a result we are seeking advice on our position regarding the withdrawal of decisions moving forwards – we will keep Board updated on this issue.



## Benchmarking approaches to quality assurance in the UK Ombudsman sector

- Dr Chris Gill is in the process of issuing his final report on quality assurance across the ombudsman / redress sector.
- The report involved a review of the systems and processes in place across 11 ombudsman schemes.
- The report was not able to identify one consistently applied quality assurance model or a set of best practices. It identified that there are a broad range of differing approaches to quality assurance across the sector and that an organisation's approach can be driven by any number of factors including, organisational size, resources, staff turnover, stakeholder expectations, organisational remit and complaint volumes.
- The report identified a set of “benchmarking insights” combined with a further set of 51 “critical questions” which could be used to determine an organisation's approach. Those questions can be grouped as follows:
  - Quality control vs quality control
  - Values, performance and learning
  - Scope of quality assurance
  - Risk, proportionality and flexibility
  - Live or closed cases
  - Random, purposive or mixed sampling
  - Sample size
  - Criteria and checklists
  - Checking process, service or outcome
  - Describing quality outcomes
  - Resourcing quality assurance
  - Individual feedback
  - How and where is data reported
- The insights of this report and the critical questions will be factored into the scope and planning of LeO's quality framework review and we will keep Board updated as the review progresses

<b>Agenda Item No.</b>	<b>5</b>	<b>Paper No.</b>	<b>128.2</b>	<b>Time Required</b>	<b>15 Minutes</b>
<b>Title</b>	Finance Report				
<b>Sponsor</b>	Blessing Simango				
<b>Status</b>	<b>OFFICIAL</b>				
<b>Equality Diversity and Inclusion</b>					
<b>EDI implications</b>	<b>No</b>				
No EDI implications.					
<b>Freedom of Information Act 2000 (Fol)</b>					
<b>Paragraph reference</b>	<b>Fol exemption and summary</b>				
	No redactions – to be published in full.				

## Executive Summary

This paper shows the Q1 actuals against budget, year end forecast along with key financial reporting for Board's assurance.

### June 2023 YTD Actual Operational Expenditure

Expenditure YTD is currently £171k underspent (4.1 %) vs budget. The driver for the underspend is higher attrition levels than budgeted and challenges in retaining and attracting staff across both operational and corporate levels.

### Full Year forecast

The current full year forecast to the end of 2023/24 is for a £78k underspend, £13k on Staff Costs and £65k on Other Costs. This forecast includes the 4.5% Pay Remit agreed with the Ministry of Justice and the £1,500 non-consolidated payment for eligible staff and the associated Employer's NI @13.8%. It also includes an increase in overtime spend allocated to help improve performance on case closures. This is a manageable forecast underspend for this point in the year and will be managed and monitored with potential mitigating actions, including potential additional investigator recruitment, considered regularly to ensure the budget variance is within the Ministry of Justice's tolerance level of 1% at the end of the financial year.

### Capital Expenditure

Most of the capital expenditure budget this financial year is committed to upgrading our SharePoint servers and migrating the SharePoint to the new servers. Any savings on other categories will be channelled towards the SharePoint project. We plan to spend the full allocated £250 k budget.

The Executive Team regularly reviews both capital and operational forecasts, considers mitigating actions and implements them timely to ensure the budget variance is within the Ministry of Justice's tolerance level of 1% at the end of the financial year.

### 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 35 days for Q1 which continues the positive improvement seen over the course of last year. We will continue to do weekly payment runs this financial year to ensure suppliers are paid within the extended payment terms.

## Recommendation / Action Required

- This paper is for information and assurance.

## Key Performance Metrics

- Budget variance for Q1 is -4.1%. The Executive Team is monitoring the Budget Variance and will take appropriate measures to ensure we end the year within the Ministry of Justice's recommended 1% tolerance level.
- The Average Case Unit Cost was £4,567 for quarter 1 (£4,622 for June 2023). This is a 23.5% increase from the same period last financial year due to an increase in expenditure and 77 (8.1 %) lower case Investigation closures compared to last year at this point in the year. Case Closures in quarter 1 have been negatively impacted by a range of factors including higher than anticipated attrition of experienced investigators, Scheme Rules Changes at the Front-End Team and more focus on High Complexity decisions. This will adjust throughout the year as performance levels increase.

## Operational Expenditure

### June 2023 YTD Actual Expenditure

Expenditure YTD is currently £171k underspent (4.1 %) vs budget. The driver for the underspend is higher attrition levels than budgeted due to our uncompetitive employee value proposition which makes it challenging to retain and attract replacement staff. The Executive Team have already initiated mitigating actions for implementation from Q2.

### Capital Expenditure

Capital expenditure YTD is £1k vs £250k budget for the year. Most of the capital expenditure budget this financial year is committed to upgrading our SharePoint servers and migrating SharePoint to the new servers. This is a mandatory upgrade to ensure that we have Microsoft support for any updates and security patches. The cost of the project is circa £375k with the project costs spread over two financial years to manage budget for the costs.

**The current full year forecast is for a £78 k underspend which is 0.4% of our budget (it's within the 1% tolerance level), £13 k on Staff Costs and £65 k on Other Costs. Last year's forecast for Q1 was a +£73 k overspend.**

This is a manageable forecast underspend at this point in the year which will be managed closely.

#### **Staff Costs**

- The forecast includes the 4.5% Pay Remit agreed with the Ministry of Justice and the £1,500 non-consolidated payment for eligible staff (including Employer's NI @13.8% per FTE)
- Eligible staff under the Cabinet Office pay remit guidance include those who were in LeO's employment on 31st March 2023 and should also be there on the date of payment (currently planned for the 28<sup>th</sup> of July 2023). The Executive have sought to adjust those who are eligible for payment of the £1500 to allow extension to employees who joined in the current financial year. The Ministry of Justice have advised that the terms of that agreement would not be relaxed.
- The Executive Team are considering the use of an additional up to 0.5% of full salary bill (£68k) which can be targeted at lower pay bands. Consideration is being given to making an additional 1% pay award to low earners up to the GET Advisor Grade (£25,196). The total cost including Employer's NI would be £8k which is affordable and would be covered by savings in other areas within the current budget.
- An additional consideration is the possible extension of the definition of low paid up to and including investigators which the Executive have sought advice on from MOJ. The cost of this, including Employer's NI, would be £44k which would be within 0.5% of LeO's total salary bill and affordable if funded by savings from other areas within the current year's budget.
- Further consideration will be given on this in advance of the Pay Remit submission will be made in the coming months after consideration of all the factors above.

#### **The following mitigating actions are being taken to manage the underspend and ensure full utilisation of the budget by the year end**

- Overtime will be offered to improve the performance on case closures (£105 k has been included in the forecast for OT)
- Recruitment of additional 13 FTE investigators starting in September/October with the option to recruit additional investigators should this be required.

**Other Costs are currently forecasted to have an underspend of £65 k at the end of the year driven by Facilities costs.** Efforts are already underway to ensure we spend to budget. Some of the mitigating actions already considered include;

- Website updates
- Design of Publication documents
- Catalyst consultant for operations
- Leadership training

The Executive Team continues to review on a monthly basis expenditure and forecast, considers and implements mitigating actions to ensure the budget variance is within the Ministry of Justice's tolerance level of 1% at the end of the financial year.

## Financial Reports – Income and Expenditure and Balance Sheet

Income and Expenditure Statement	Month			Year to Date		
	Actual	Budget	Variance	Actual	Budget	Variance
	£'000	£'000	£'000	£'000	£'000	£'000
Income - Levy	1,189	1,256	(67)	3,732	3,810	(78)
Income - Case fees	62	100	(38)	186	300	(114)
Income - Other	39	15	24	65	45	20
<b>Total Income</b>	<b>1,290</b>	<b>1,371</b>	<b>(81)</b>	<b>3,984</b>	<b>4,155</b>	<b>(171)</b>
Staff Costs	1,126	1,144	18	3,292	3,459	167
Travel & Subsistence	1	3	2	1	8	6
Fees & Consultancy	30	34	4	99	100	1
IT & Telecoms	114	133	19	377	399	23
Premises & Facilities	20	60	39	162	205	43
Other costs	15	4	(11)	44	11	(33)
<b>Total Cash Expenditure</b>	<b>1,306</b>	<b>1,377</b>	<b>71</b>	<b>3,974</b>	<b>4,182</b>	<b>208</b>
Interest & Charges	-62	-54	7	-124	-173	(48)
Depreciation	46	49	3	134	146	12
<b>Non Cash Expenditure</b>	<b>(16)</b>	<b>(6)</b>	<b>10</b>	<b>9</b>	<b>(27)</b>	<b>(36)</b>
<b>Total Revenue Expenditure before tax</b>	<b>1,290</b>	<b>1,371</b>	<b>81</b>	<b>3,984</b>	<b>4,155</b>	<b>171</b>
Taxation	0	0	-	0	0	-
<b>Total Revenue Expenditure</b>	<b>1,290</b>	<b>1,371</b>	<b>81</b>	<b>3,984</b>	<b>4,155</b>	<b>171</b>
<b>Surplus / Deficit</b>	<b>0</b>	<b>-</b>	<b>0</b>	<b>-</b>	<b>0</b>	<b>(0)</b>
<b>Capital Expenditure</b>	<b>1</b>	<b>21</b>	<b>20</b>	<b>1</b>	<b>63</b>	<b>62</b>
Fixed Assets - IT	1	13	12	1	38	37
Fixed Assets - Premises	0	8	8	-	25	25

Balance Sheet	Month	June 2023
	Movement	
	£'000	£'000
Premises	(34)	482
IT Hardware & Software	(11)	212
<b>Total Non Current Assets</b>	<b>(45)</b>	<b>694</b>
Cash & Bank	(1,234)	14,647
Debtors	1,192	3,821
Prepayments	112	433
<b>Total Current Assets</b>	<b>70</b>	<b>18,901</b>
<b>Total Assets</b>	<b>24</b>	<b>19,595</b>
Creditors	93	(666)
Accruals	(97)	(920)
Lease Commitments	(21)	(272)
<b>Total Current Liabilities</b>	<b>(24)</b>	<b>(1,858)</b>
<b>Net Current Assets</b>	<b>45</b>	<b>17,043</b>
<b>Net Assets</b>	<b>(0)</b>	<b>17,737</b>
Retained Earnings		
Grant in Aid PY / Levy/ Reserves	(17,737)	(17,737)
<b>Reserves</b>	<b>(17,737)</b>	<b>(17,737)</b>

## Aged Debtors and Trade Creditors Days to Pay

Trade Debtors Analysis - June 23					
Current	30 days	60 days	90 days +		Total
£'000	£'000	£'000	£'000		£'000
38	63	15	83		199
19%	32%	8%	42%		
<b>Provision for Doubtful Debts</b>					-49
<b>Net Trade Debtors</b>					150

Days to pay	2023/24 Q1	2022/23 Q1
average payment days	35	37
% of invoices paid on time	68%	54%

### Trade Debtors

- Aged Debts (over 60 days) are at £98 k. Aged debtors have continued to increase in recent months due to the absence of the credit controller who is on long term sick. The finance team have been covering this role for more than six months to date. We have successfully recruited an Assistant Accountant who will cover for Credit Control role among other duties and provide some resilience within the team. They are due to start early August 2023.

### Trade Creditors

- 68% of invoices were paid on time in Q1. We will continue to do weekly payment runs this financial year to ensure suppliers are paid within the extended payment terms.



<b>Agenda Item No.</b>	6	<b>Paper No.</b>	128.2	<b>Time Required</b>	15 Minutes
<b>Title</b>	Performance Dashboard – Quarter 1 Reporting: People				
<b>Sponsor Status</b>	Debbie Wright, Head of People Strategy & Services				
	<b>OFFICIAL</b>				

**Equality Diversity and Inclusion**

<b>EDI implications</b>	<b>Yes</b>
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**Update on recruitment activity** (page 4) – application of a fair process, compliant with equality legislation; **recruitment review** (page 4) – achieving excellent practice in recruitment activity, fair and inclusive process, ability to meet the requirements of the Disability Confident Level 2 kitemark; **annual review of HR policies** (page 4) – excellent equality practice and full compliance with equality legislation; opportunity to promote equality across people practice; **attrition/retention (pages 4 & 6)** – ED&I considerations re: reasons for leaving; employee value proposition, inclusive working environment; **sickness performance metric** (page 7) – effective, supportive management of absence, compliant with equality legislation. Paper also contains separate ED&I update.

**Freedom of Information Act 2000 (Fol)**

<b>Paragraph reference</b>	<b>Fol exemption and summary</b>
N/A	N/A

## Executive Summary

### HR Performance Metrics – Quarter 1

- **Attrition** – Q1 sees an increase in overall attrition, a reverse in trend (it had been falling steadily over previous quarters). In April it stood at **18.3%**, a slight decrease of 0.4% compared to the last month of Q4 (March), but over Q1 it has increased to **21.1%**.
- Fourteen investigators have left the business during Q1, negatively impacting on the investigator attrition rate, which had been generally falling since its peak of 28.5% in September 2022. Investigator attrition is again at **28.5%**, compared to 26.9% at the start of Q1.
- **Sickness** –Sickness absence levels continued to fall during the quarter, and now stand at **11.42** days in June, the lowest figure yet over the 12-month rolling period.

### Recommendation / Action Required

- Board to note Q1 HR performance metrics.

## People Strategy

Key People Strategy/HR activity during Q1 includes:

- Completion of the new Leadership Development programme – final two sessions delivered to managers (Managing Attendance & Wellbeing and Grievance & Disciplinary in April and June respectively)
- Detailed report on pay and benefits benchmarking exercise completed, now to be reviewed by the Exec, RemCo and Board
- End-to-end review of recruitment processes commenced
- Comprehensive review of Staff Council and networks underway (to result in new terms of reference and clearly defined roles and responsibilities)
- Annual review of HR policies completed – as part of process, proactive opportunity taken to improve flexible working rights for employees
- Further feedback on 2022 People Survey requested via structured, manager-led teams' sessions – currently being reviewed to inform specific actions going forward where applicable.

Priorities for Q2: recruitment to remaining posts within HR and review of HR priorities in light of resignation of Senior HR Services Business Partner; submission of pay remit to MoJ and actioning of non-consolidated payment to staff (July); review of employee value proposition; development of recruitment/attraction, total reward and engagement/retention strategies; updating of People Strategy.

## 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.

Overall attrition has seen an increase this quarter and now stands at 21.1% in June. The investigator attrition rate also increased due to 14 leaving the business during Q1 and now stands at 28.5%.

A number of leavers during Q1 have left due to better pay/other job opportunities (both Operations and Corporate colleagues) – the recent benchmarking exercise provides an important evidential base on which to assess LeO's competitiveness within the job market, the impact on the ability to attract, recruit and retain staff and the areas of potential development in a new employee value proposition – all of which need to be considered within an affordability and budget planning context and lack of flexibility to make changes to terms and conditions due to MoJ restrictions.

## Recruitment

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

- Corporate roles, supported by TMP: Head of Finance, ICT and Procurement, Risk Manager, HR Business Partner, Project Manager, MI/SQL Specialist
- Other Corporate recruitment in progress: Quality Officer (2 posts), HR/Payroll Assistant
- Executive Support Assistant cover to be sourced via agencies
- Latest investigator recruitment campaign (led by TMP) in progress (13 new investigators to be appointed).

Recent appointments made:

### Corporate

- Performance & Business Intelligence Manager, Lawyer, interim Head of Finance, Assistant Accountant (FTC) CRM Developer

### Operations

- GET Investigators – start date 1/6
- Investigator posts (27 appointed following February recruitment campaign) – start dates 17/4 and 9/5, plus 5 additional investigators from May reserve list, to take up post September 2023.

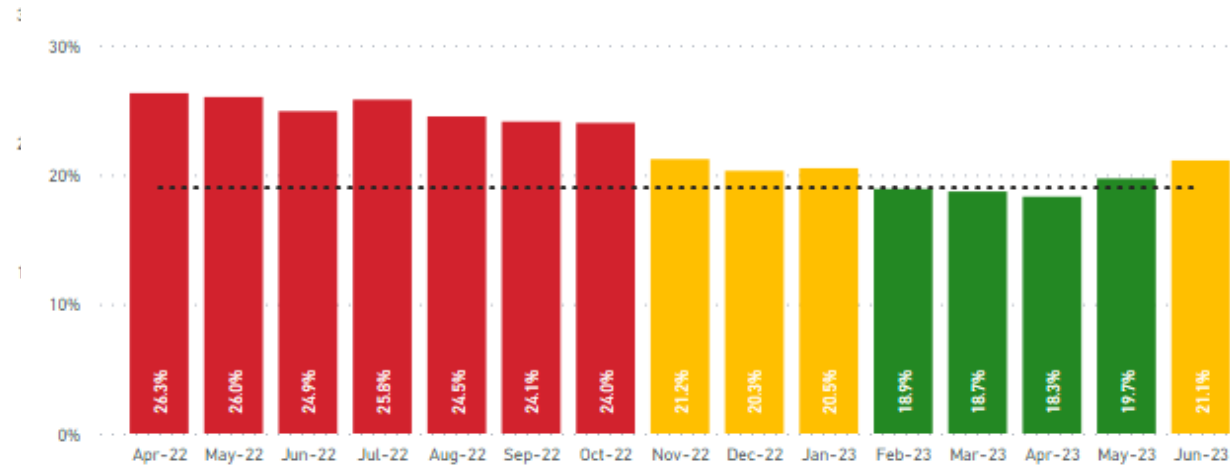
## EDI Update

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 and recruitment process; as part of this review the HR team will be working closely with the ED&I team to ensure the requirements of the Disability Confident Level 2 kitemark are fully taken into account.

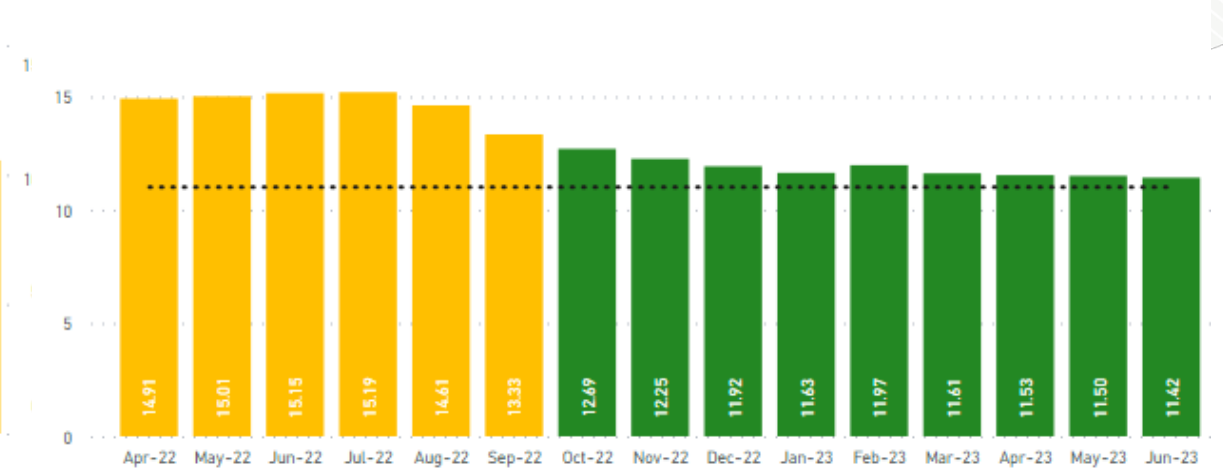
The annual review of HR policies presented a proactive opportunity to improve the Flexible Working Policy ahead of pending legislative change – the updated LeO policy now gives day 1 rights in relation to making a formal flexible working request (previously 26 weeks' service), together with the ability to make two requests within a 12-month period (previously one). All updated policies were reviewed by the ED&I Manager from an inclusive language perspective.

ED&I has been a key theme running through the development of people management skills for managers via the Leadership Development programme. One dedicated session was delivered on Dignity and Respect at Work.

F  
PI11 - Staff Attrition (All permanent Voluntary Leavers)



F  
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. Q1 has seen an increase in overall attrition; in April it stood at **18.3%**, a reduction of 2.2% from the start of the previous quarter (i.e., January, 20.5%). However, it increased to **19.7%** in May then by a further 1.4% to **21.1%** at the end of the quarter. The current overall attrition target within our risk appetite measures is 19%; this places us within the 'amber' category (within 2%-3% of target) for tolerance. Due to the increase in both overall and BAU investigator attrition during the quarter, the strategic risk scores linked to general attrition and BAU investigator attrition remain high at 20 and 25 respectively.

Investigator attrition has also increased. Fourteen investigators have left the business over the quarter, impacting on the investigator attrition rate; this stands at **28.5%** in June, compared to 28.3% in May and 26.9% in April.

Corporate attrition had fallen to **19.9%** by the end of Q4, the lowest figure yet over the 12-month rolling period. However, this too has seen an increase over Q1, standing at 19.9% in April, then increasing to 22.1% in May and by a further 6.6% to **28.7%** in June.

### Points for Board to note / further updates

There were a total of 21 voluntary, permanent leavers during Q1, of whom 14 were Investigators, 3 GET and 4 Corporate. Ten of the leavers left as a result of promotions/other job opportunities; others for personal reasons. Two left because they had been, or were due to be, subject to performance management processes.

An investigator recruitment campaign (led by TMP) is currently in progress to recruit 13 new investigators. A 'reserve list' will also be created from this recruitment round, therefore enabling a timely response to filling future vacancies without the need for further recruitment campaigns. This approach was taken in the last investigator recruitment campaign - 5 investigators have been taken on from the May reserve list. They are currently being onboarded and are due to take up post in September.

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

### Sickness Absence

- Sickness absence levels have been falling over a sustained period and Q1 saw this trend continue – from an average of **11.53 days** per employee in April, to **11.42** days in June, 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.
- Mental health-related absence was the main reason for sickness absence over the quarter, increasing from 92 days (39.5%) in April, to 138 days (57%) in May, then falling to 116.5 days in June (42.8%). There are currently 9 employees on sick leave as a result of mental health/stress, some of which is linked to personal issues. The second main cause of absence over the quarter was colds, influenza and viruses, with 74 days lost (9.8%).
- Covid absence levels were low over the quarter (3,3 and 0 days lost in April, May and June respectively).
- The cost of sickness absence fluctuated throughout the quarter (£23,355 in April, £28,530 in May, £32,035 in June).

### Points for Board to note / further updates

The pleasing reduction in sickness absence has been largely due to the proactive management of complex employee cases by the Strategic HR Business Partner and HR Business Partner, who have taken a proactive business partnering approach to employee casework and are providing high quality coaching, advice and guidance to managers. A more robust Absence Management Policy is also providing a focused framework by which to manage sickness absence in a timely and consistent way; managers have also received training on effective employee absence management, including reasonable adjustments, via the Leadership Development programme.