

<b>Meeting</b>	OLC Board	<b>Agenda Item No.</b>	6
		<b>Paper No.</b>	129.5
<b>Date of meeting</b>	18 October 2023	<b>Time required</b>	40 minutes
<b>Title</b>	Performance Dashboard: Quarter Two Reporting		
<b>Sponsor</b>	LeO Executive		
<b>Status</b>	<b>OFFICIAL</b>		

### Executive summary

The following slide deck provides Board with a strategic level overview of LeO's Q2 performance, from the operational quality and service, finance and people perspectives.

LeO is seeing a sustained increase in levels of demand at all points of its service. The impact of this increase has been exacerbated by a range of factors including the delay in reductions from changes to the Scheme Rules time limits and higher-than-expected attrition levels (15 investigators left LeO during Q2).

The principal impact is that, although the PAP continues to reduce on a sustained month-by-month basis, reductions have slowed and it is currently higher than was forecast for this point in the year. Further, this also means that the working level of PAP (800-1000 cases) is now more likely to be reached in September 2025 rather than March 2025. Although operational performance remains strong, case closures for Q2 were lower than anticipated in light of the three central challenges of demand, Scheme Rule time limit challenges and attrition. The slides outline the range of measures and mitigations that the operations team have identified which will be introduced to mitigate the impacts noted above and help keep performance in line with trajectories. Performance against trajectories will continue to be closely monitored and reported.

Alongside the commitment to deliver in line with trajectories, we are committed to ensuring that quality and service standards are maintained and ideally improved. The collaboration between Operations and Quality teams to address quality variation and poor practice is reflected in the fact that the quality assurance reviews carried out in Q2 showed a general improvement in standards of service and outcome, albeit that overall performance still remains below target. The learnings derived from quality reviews, service complaints and legal challenges are always fed back to individuals and the organisation as a whole to support continuous improvement.

From a finance perspective, year to date we are reporting an underspend of £152k (£15k staff and £137k non staff related costs) and the forecast for the full year (including increased expenditure due to pay remit and costs of living uplift) is a likely underspend of £89k (0.53% of budget). The Executive continues to keep a tight control over budget both in terms of operational and capital expenditure and constantly considers mitigations to ensure the full utilisation of budget.

As noted above, attrition levels have continued to increase rising from 22.1% in July to 22.9% at the end of September. Investigator attrition has increased over the quarter and now stands at 33.2% whereas corporate attrition has reduced to 26.1%. We continue to focus our efforts

on reducing attrition and increasing retention of high performing staff. The results of our recent benchmarking exercise have provided some evidence of the challenges LeO faces in the recruitment market-place and will inform planning and representations to key stakeholders.	
<b>Recommendation / action required</b>	
Board is asked to note the content of the attached slides	
<b>Equality Diversity and Inclusion</b>	
<b>EDI implications</b>	<b>Yes</b>
<p><b>Operational update</b> – operational changes in respect of dealing with Low complexity cases as part of ongoing continuous improvement has a low risk potential to adversely affect protected groups. This risk is determined as no more than the risk associated with early resolutions work</p> <p><b>Quality</b> – legal challenges, customer satisfaction feedback and service complaints data can have EDI implications.</p> <p><b>Finance</b> – actual expenditure and budget consider LeO’s strategic plan on EDI (as detailed description is available in the budget acceptance criteria 5</p> <p><b>People section: Update on recruitment activity</b> (page 4) – application of a fair process, compliant with equality legislation; <b>recruitment review</b> (page 4) – achieving excellent practice in recruitment activity, fair and inclusive process, ability to meet the requirements of the Disability Confident Level 2 accreditation; <b>annual review of HR policies</b> (page 4) – excellent equality practice and full compliance with equality legislation; opportunity to promote equality across people practice; <b>attrition/retention (pages 4 &amp; 6)</b> – ED&amp;I considerations re: reasons for leaving; employee value proposition, inclusive working environment; <b>sickness performance metric</b> (page 7) – effective, supportive management of absence, compliant with equality legislation paper also contains separate EDI update</p>	
<b>Freedom of Information Act 2000 (Foi)</b>	
<b>Paragraph reference</b>	<b>Foi exemption and summary</b>
Finance report slide 21	Reference to the return of Credit Controller following long term absence Foi Exempt S.40 Personal Information

# OLC Board Quarter 2 2023/ 24 Performance Dashboard Reports

18th October 2023

## Executive Summary

LeO is seeing sustained increases in demand for its service across all areas of operations. The General Enquiries Team have seen an over 13% increase in customer contacts when compared to the same period last year (2022/23), 61,000 contacts from 54,000. We have also seen the number of customers completing Customer Application Forms rise by 6.1% in the same period from 4740 to 5046. These demand increases are translating to operational pressures in reducing the backlog. These pressures are being absorbed, but, allied with high attrition and challenges with Scheme Rules implementation, this does mean that the pace of backlog reduction is slower, and the aimed for level of working PAP is no longer expected in March 2025 but is now estimated by September 2025.

LeO closed **1979** cases during Qtr 2. **970** cases were resolved after full investigation and **1009** were resolved by Early Resolution. YTD total case closures sits at **3843** which is outside of the published ranges of **4025-4326**.

The PAP continues to see sustained reduction and has reduced in 16 out of the last 17 months. The PAP stands at **3539** against a Business plan forecast range of **2814 – 2466**. Whilst below the expected ranges, there is a clear understanding of the reasons why this is the case.

- 2023/24 predicted PAP start figure off by 300 cases
- Increases in demand as outlined above
- Scheme Rules changes affecting the flow of cases to Early Resolutions, we are seeing an increase in cases coming through and we expect to get back to a normal Early Resolutions work in progress by the end of Qtr 3
- Attrition, leading to increased reallocations
- Lower closure profile
- We have historically experienced 5% (360) of cases at the assessment stage of the process, not require any investigation as they were withdrawn at that stage for a number of reasons; withdrawal from the process, premature etc. The improvements in the Early Resolutions Team now mean that this no longer happens and these cases require a full investigation. We have removed this assumption for 2024/25.
- 6 FTE Investigators moved to General Enquiries to support Scheme Rules work, therefore not taking cases
- Not yet seeing Scheme Rules Time Limits reductions as assumed

As part of our continuous improvement work, operations have several actions in place to improve delivery in the second half of 2023/24. Closures are predicted at 7577, within the published range (7419 – 8128). With the above issues and increases in demand, expectations for PAP are now 2856 – 3172. This is in line with the expected 2024/25 start figure of 3000 cases for likely scenario.

## Customer Journey Time

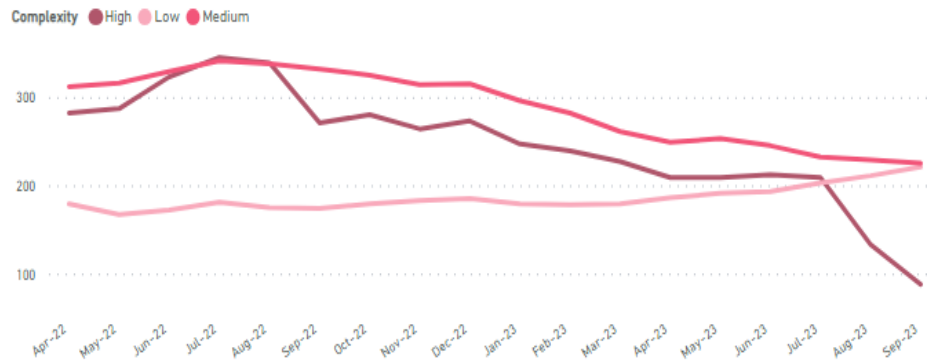
Although the pace of the PAP reduction has slowed, the make-up of the PAP remains very different from a year ago and reflects a significant improvement in customer experience. High and Medium complexity cases have seen significant reductions in the average time that they wait in the PAP, with the Medium complexity queue down from 345 days in July 2022 to 225 days. The size of this queue has also decreased from approximately 2800 to 710.

Operational actions are now focused on delivering a reduction in the time that Low complexity customers wait. The Low complexity queue has increased over the same period by 28 days to now mirror the journey that Medium complexity customers receive. Plans are in place to assess potential for delivery of an Early Resolution approach to a proportion of the lowest complexity customers where appropriate. This will sit between Early Resolutions and Investigations, where a minimal amount of further information or evidence could lead to a successful outcome. This is in line with LeO’s desire for “right customer, right time, right process” approach.

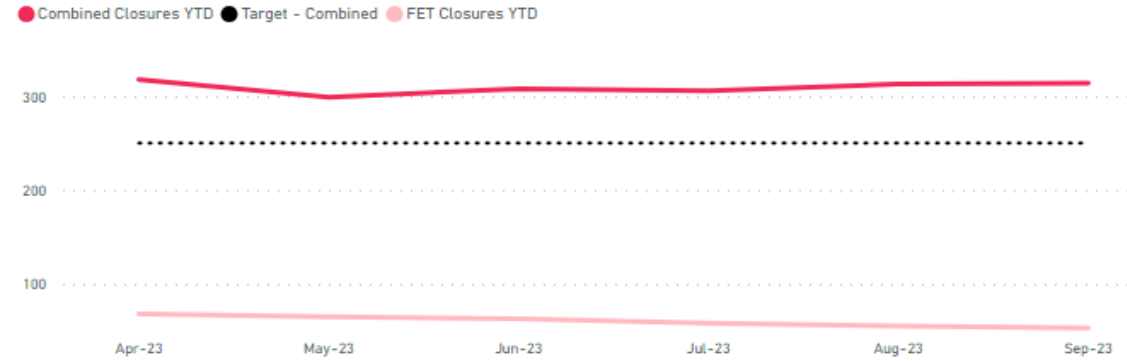
End-to-end customer journey time is down slightly at 314 days for all cases. For the 50% of customers that conclude at Early Resolution, the end-to-end journey time is now 53 days, down from 65 days at the beginning of the financial year.

Resolution times across all processes (excluding PAP wait time) remains consistent at 105 days combined (42 days for Early Resolutions and 165 days for full investigations). Operational plans remain focused on delivering more efficient end to end processes and reducing re-work to reduce investigation time throughout the remainder of this year and into 2024/25.

MI06 - Current average wait time in the PAP



KPI02 - Cumulative Yearly Customer Journey Time



## Continuous Improvement

The challenges faced in the first half of 2023/24 (as set out in previous slides) have been responded to and addressed. Plans are in place to ensure LeO's continued recovery and improved future performance.

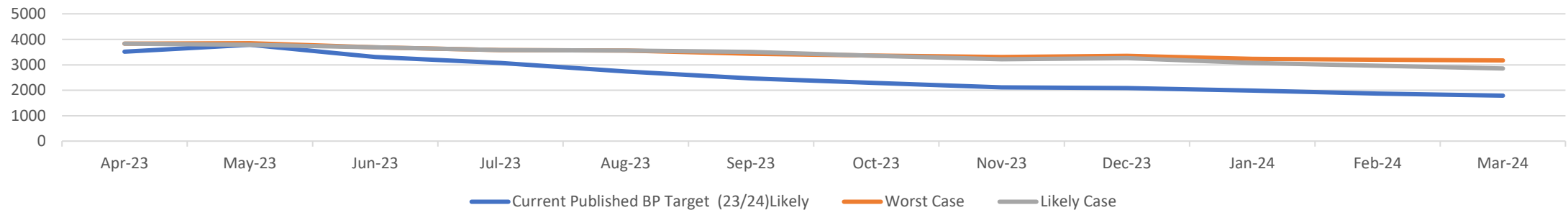
A mid-year operational performance review identified several further changes that will help ensure we remain on track:


- Creation of a team of existing established investigators to concentrate on the lowest complexity cases.
- Review the split in investigator holdings to increase low case delivery. This should increase investigator productivity as they take less of the more complex medium cases.
- Overtime review – looking at the potential for investigators to deliver some of the early application process, this frees work into the Early Resolutions Team, in turn increasing Early Resolution take up.
- Increased investigator coaching and support, especially around Request, Remind, Proceed, which is the process used to drive service providers compliance to information requests. A key area of delay in LeO process affecting customer journey times.
- Increased Ombudsman support, with an emphasis on unblocking cases that are stuck for technical reasons
- Created three “Investigator In Development” roles. These 3 individuals will be seconded to Level 1 Ombudsman roles, supporting Quality and Feedback checks whilst providing development.
- In the General Enquiries Team, using available technology to better process contacts through our Customer Management System. Currently using outlook which leads to service downtime.
- Exploring, via ICT, the ability to pull non LeO enquiries, update requests etc. from inboxes, freeing LeO staff to concentrate on core enquiries.
- Recruited 6 FTE investigators with a January 2024 start. These were delivered from a pool of candidates established in our previous campaign, which meant no additional operational resource was required in the process.
- Pilot an amended approach to induction delivery, with the 6 FTE starting their journey in GET, to give exposure to LeO's systems and processes, before they progress to their final investigator role.
- Planning will get under way during Q3 to recruit 20 FTE investigators that are within 2024/25 budget planning. There is an expectation of a split cohort of 10 in April 2024 and 10 in May 2024. This split approach reduces pressures on supporting staff and is changed as a direct result of feedback from previous cohorts.

23/24	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Total
<b>23/24 BP assumption</b>	<b>636-597</b>	<b>677-632</b>	<b>781-726</b>	<b>696-665</b>	<b>800-762</b>	<b>736-688</b>	<b>691-634</b>	<b>676-613</b>	<b>540-496</b>	<b>627-530</b>	<b>651-593</b>	<b>617-543</b>	<b>8128-7419</b>
Cases closed after investigation	300	294	279	333	346	292	351	326	231	348	331	332	3763
Early Closures (FET)	264	340	217	320	228	261	270	270	270	255	255	255	3205
Nudge closures	40	70	60	88	72	39	40	40	40	40	40	40	609
<b>Overall Total</b>	<b>604</b>	<b>704</b>	<b>556</b>	<b>741</b>	<b>646</b>	<b>592</b>	<b>661</b>	<b>636</b>	<b>541</b>	<b>643</b>	<b>626</b>	<b>627</b>	<b>7577</b>

	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24
<b>Current Published BP Target (23/24)Likely</b>	3513	3789	3304	3073	2738	2466	2284	2117	2086	1990	1870	1784
<b>Worst Case</b>	3834	3850	3686	3580	3565	3439	3362	3307	3352	3238	3197	3172
<b>Likely Case</b>	3834	3789	3686	3580	3565	3504	3350	3221	3262	3073	2961	2856

Overall PAP Journey





# OLC Board

## Quarter 2

### Performance Reporting: Quality and Service

18 October 2023



## Q2 – Quality, service and legal update

### Executive Summary

The headlines for activity across these areas in quarter 2 are as follows:

#### Quality

- Although performance across key metrics remains below target levels, we have seen an improvement in terms of standards and of service and outcome across almost all cohorts of operational staff.
- Although outcome scores are below target, a detailed analysis of these reviews shows that the conclusion reached and remedy awarded (if appropriate) are sound and robust, where shortcomings were identified they related to internal procedural issues which did not undermine the reasonableness or enforceability of any of our outcomes.
- Shortcomings in relation to the service provided to LeO's customers reflect the issues seen in previous quarters, regarding standard of communication and delays/ lack of case progression.
- All findings continue to be shared both with impacted individuals and with the wider operational teams

#### Customer Satisfaction

- As in previous quarters, the end of process customer satisfaction surveys for cases closed in Q1 continues to show that overall satisfaction with the outcome of the investigation is the principal driver for a customer's satisfaction with the service they received from LeO. Key sources of dissatisfaction remain communication and case progression

#### Service Complaints:

- The team have continued to make excellent progress investigating the backlog of Stage 1 service complaints, investigating nearly 30% more Stage 1 and over double the number of Stage 2 service complaints compared to Q1. The most prevalent complaints being communication and case progression

#### 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.

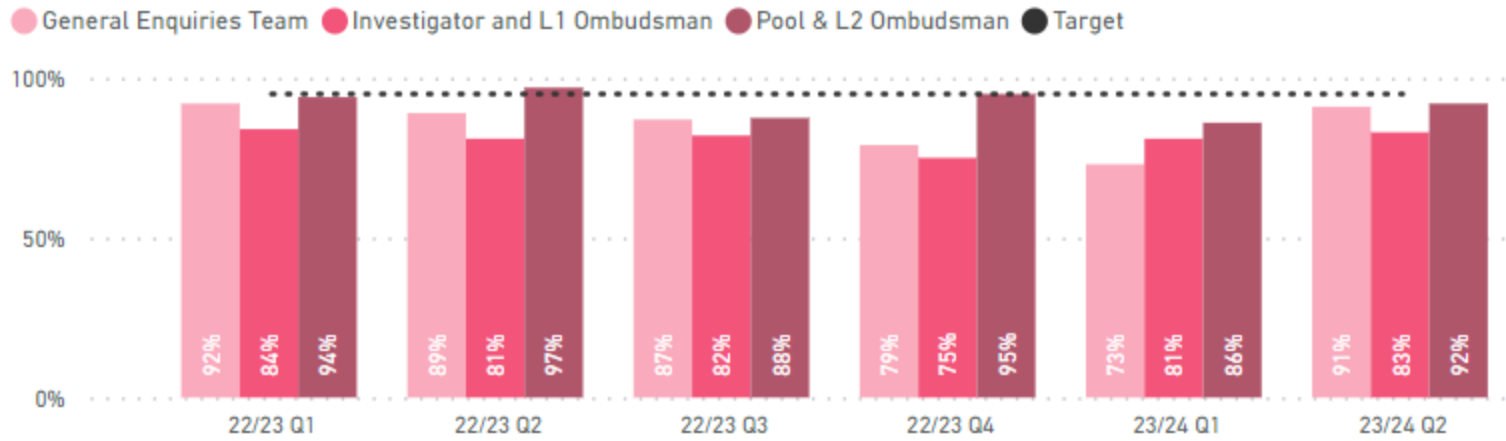
### Points for Board to note / further updates

- Although performance against quality metrics remains below target levels, Board can take assurance that learnings are always fed back to individuals and the business as a whole and that over the quarter there were no instances where a failed quality review led to an ombudsman decision or agreed outcome being withdrawn

## Q2 – Quality, service and legal update

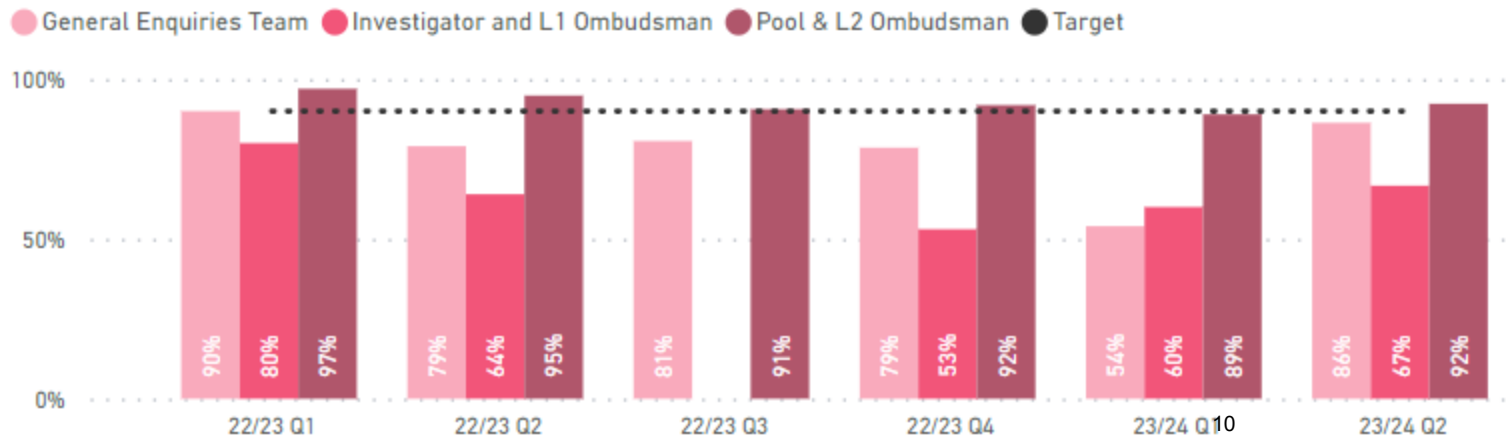
### Quality Assurance - ADS

#### KPI01 - Quality - Reasonable Outcome ↑↓



	22/23 Q1	22/23 Q2	22/23 Q3	22/23 Q4	23/24 Q1	23/24 Q2
General Enquiries Team	92%	89%	87%	79%	73%	91%
Investigator and L1 Ombudsman	84%	81%	82%	75%	81%	83%
Pool & L2 Ombudsman	94%	97%	88%	95%	86%	92%
Target	95%	95%	95%	95%	95%	95%

#### PI08 - Quality - Reasonable Service ↑↓



	22/23 Q1	22/23 Q2	22/23 Q3	22/23 Q4	23/24 Q1	23/24 Q2
General Enquiries Team	90%	79%	81%	79%	54%	86%
Investigator and L1 Ombudsman	80%	64%	0%	53%	60%	67%
Pool & L2 Ombudsman	97%	95%	91%	92%	89%	92%
Target	90%	90%	90%	90%	90%	90%

## Q2 – Quality, service and legal update

### Quality reviews

A more granular assessment of the reviews in Q2 showed a broadly consistent upward trajectory compared to Q1 with outcomes in non-ombudsman early resolutions being the only area where performance against target dipped.

#### Service

It is pleasing to note that the standards delivered in both early resolution work and for those cases subject to full investigation remain comparable, the only notable difference being the standard of service provided to customers on cases that require a full investigation. In those cases, the key issues identified relate to case progression, the provision of case updates and general quality of communication.

#### Outcome

In each instance where an outcome reviews was failed the case has been reviewed to see if remedial action was required. In all cases the identified failing related to an internal process issue and as such there were no instances where a complaint had to be reopened or a decision withdrawn to rectify an unreasonable outcome.

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Service						
	22/23			23/24		
Target	Q2	Q3	Q4	Q1	Q2	
90	77	94	82	88	90	↑
90	71	100	100	82	83	↑
Service						
	22/23			23/24		
Target	Q2	Q3	Q4	Q1	Q2	
90	79	81	79	54	87	↑
90	58		53	60	66	↑
90	100	91	92	89	100	↑

Outcome						
	22/23			23/24		
Target	Q2	Q3	Q4	Q1	Q2	
95	71	83	94	100	90	↓
95	100	95	100	82	92	↑
Outcome						
	22/23			23/24		
Target	Q2	Q3	Q4	Q1	Q2	
95	89	87	79	73	91	↑
95	87	82	75	81	84	↑
95	97	88	95	86	90	↑

# Q2 – Quality, service and legal update

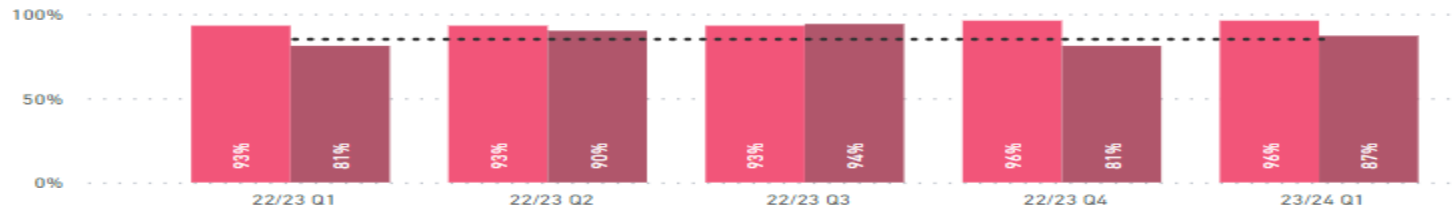
## Customer Satisfaction

End of process customer satisfaction reviews look at cases closed in the previous quarter, hence reporting for Q1 closures. The reviews cover cases resolved by way of early resolution and after investigation.

We continue to see that satisfaction with the outcome of the LeO’s casework is a key driver for satisfaction with the service LeO provides. We note variance in the results for customers who were dissatisfied with the outcome of LeO’s casework, but this can be attributed to a very low response rates especially for service providers.

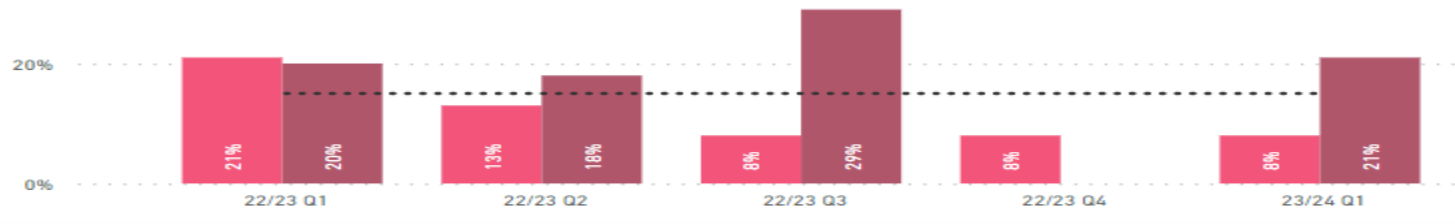
**KPI03 - Customer Satisfaction - Satisfied with Outcome** ↑ ↓

● Complainant ● Service Provider ● Target



**KPI03 - Customer Satisfaction - Dissatisfied with Outcome** ↓ ↑

● Complainant ● Service Provider ● Target



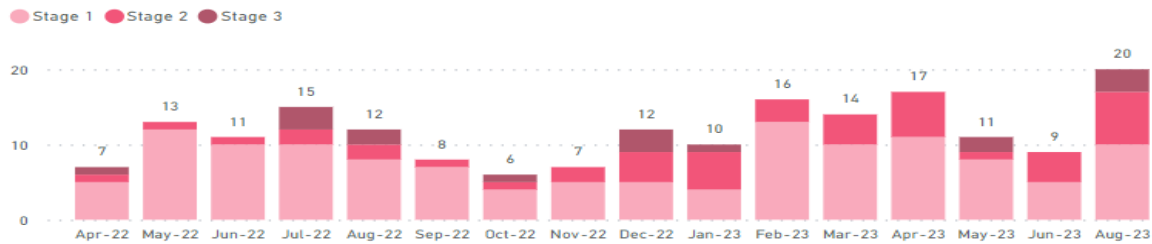
## Q2 – Quality, service and legal update

### Service Complaints

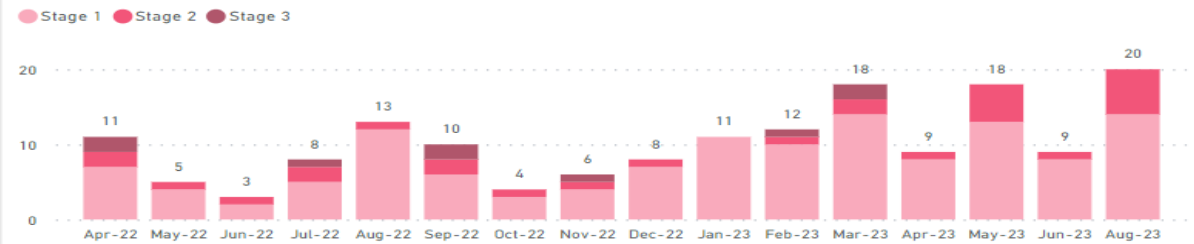
The service complaints team continue to clear through the backlog of service complaints that built up when the team was significantly under-resourced in the previous financial year. The team are now completing more investigation per month at all stages than are being received and reducing wait times as a result.

The issues identified through upheld service complaints mirror those seen in our internal quality assurance reviews; standards of communication, delays in case progression and a general lack of case updates.

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

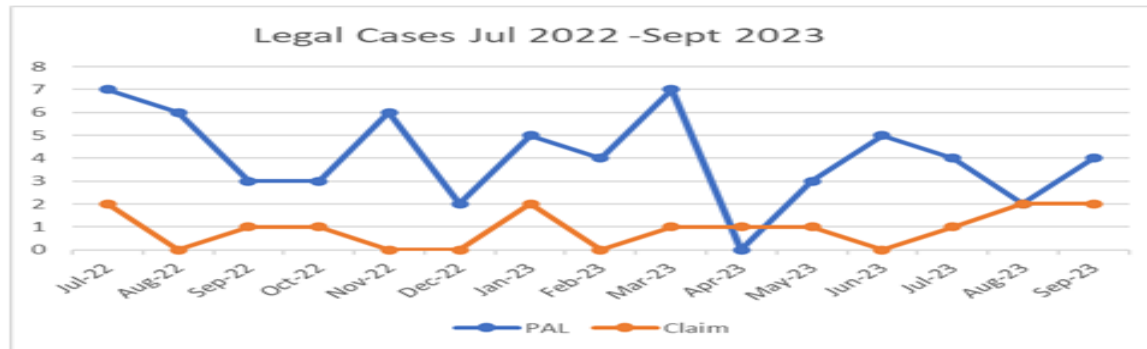



PI06 - Service Complaints - volume resolved at each stage ↑↓



### Legal

Workloads in the legal team in terms of new challenges to LeO's casework has remained consistent with previous quarters. No new significant risk of successful legal challenge has been raised or identified.





# OLC Board

## Quarter 2

### Performance Reporting: Finance

18 October 2023

## Executive Summary

This paper provides Board with an update on the Q2 actuals against budget, full year forecast and other key financial reporting for assurance.

### September 2023 YTD Actual Operational Expenditure

Expenditure YTD is currently £152 k underspent (1.8%) vs budget. The driver for the underspend are the savings made on Telephony services (new supplier charges are lower than budget) and IT Support Maintenance and charges for data storage (actual costs are lower than budget).

### Full Year forecast

The Out Turn forecast is for an underspend of £89 k at the end of 23/24 which is 0.53% of the current year's budget, £2 k on Staff Costs and £87 k on Other Costs. This is well within the 1% variance allowable by MoJ (Ministry of Justice). This forecast includes the 4.5% Pay Remit agreed with the Ministry of Justice, an additional 1% for lower grades up to Da1, 05% for standard Investigator Grade and the £1,500 Living Cost Adjustment and the associated Employer's NI @13.8% per FTE for staff who were in employment with us on 31st March 2023 and will also be there on the date of payment which was paid in July and August. This is well within the 1% variance allowable by MoJ (Ministry of Justice), and a narrower forecast u/s than we have been managing in previous years at this stage of the year. This feels manageable and there are a range of ways we can reduce this over the last two quarters.

### Capital Expenditure

76% 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 – 84% of Supplier Invoices were paid within the extended terms in Q2 and the average payment days are 25 days. 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.

### Staff Cost

#### Operational Expenditure

##### *September 2023 YTD Actual Expenditure*

Expenditure YTD is currently £152 k underspent (1.8 %) vs budget.

The driver for the underspend are the savings made in on Telephony services (new supplier charges are lower than budget) and IT Support Maintenance and charges for data storage (actual costs are lower than budget).

##### *Staff Costs*

Staff Costs have an underspend of £15 k YTD.

Included in YTD costs is the fixed, non-consolidated [gross] Living Cost Adjustment payment of £1,500 per full-time employee (plus associated NI costs) for those eligible as per the Cabinet Office's Guidance which was paid to 244.31 FTEs on the July payroll. This had not been budgeted but has been funded by the 3.5% pay award difference and the underspend created by the higher attrition level.

The Executive team have considered mitigating actions some of which have already been implemented and are included on our forecast to ensure that the budget variance is within tolerance at the end of the financial year.

### Non-Staff Cost

Non-Staff costs are underspent by **£137k**.

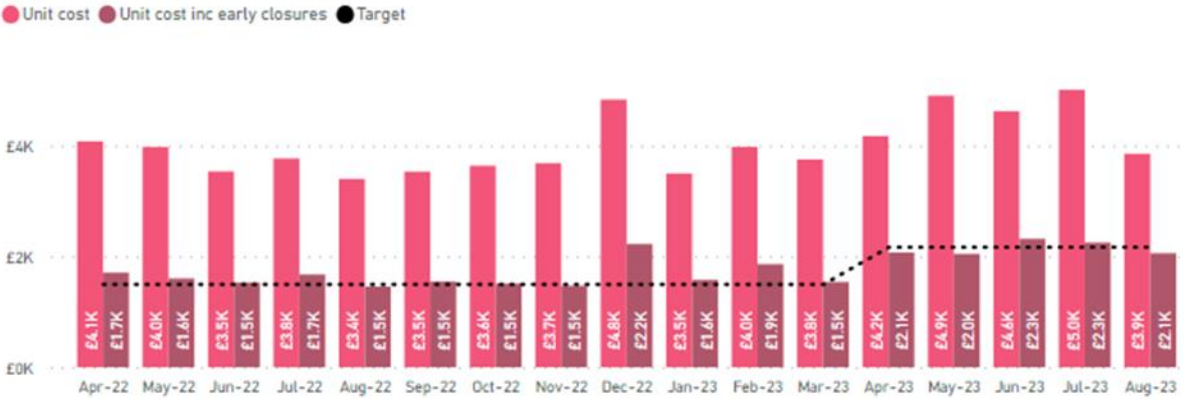
Driven by:

- Savings made from the new Telephony Contract which is cheaper than budgeted and IT Support and Maintenance and Data Storage actual costs which are lower than budgeted.
- Premises and facilities – savings on electricity charges reflecting the lower actual energy prices than budgeted and recognition of rent in line with the recommendation from the auditors as per the requirements of IFRS16 on Lease commitments.

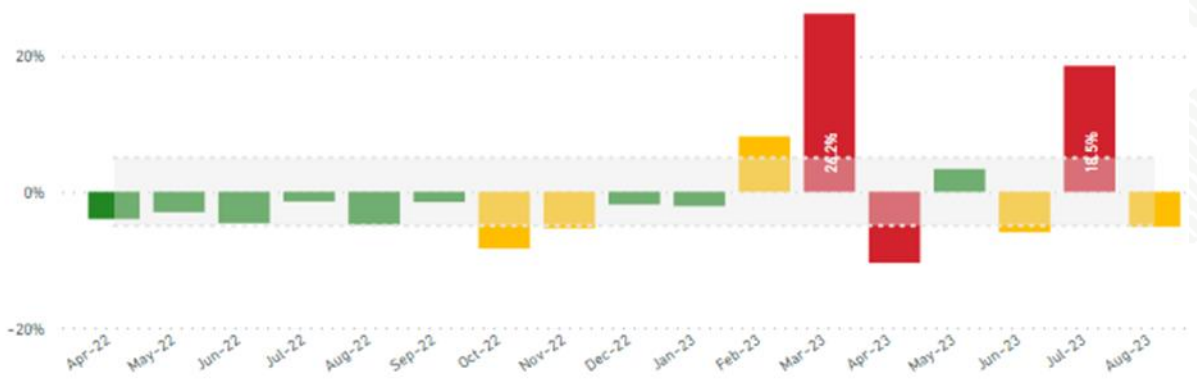


Key Performance Metrics

KPI06 - Unit Cost



PI17 - Budget variance against forecast



- Total closures including early closures for Q2 were 1,979 an increase of 115 closures (6.1%) on Q1. Unit cost for all closures is £2,134 .
- Unit cost for investigation closures is £4,319. This is lower than Q1 by 5.3% reflecting the 12% increase in case closures from 873 to 978.
- The number of contacts in Q2 was 30,894, an increase of 776 (2.5%) from Q1. The total number of customers helped YTD is 61,012.
- The Cost per customer helped for Q2 was £136.7, a 3.2% increase on Q1 reflecting the increase in costs due to payment of the non-consolidated Living Cost adjustment in July.
- Budget variance for Q2 is +0.4%. This is a net result of the non-consolidated Living Cost adjustment payment made to all eligible staff as per Cabinet Office guidance. This was funded by the underspend created by higher than budgeted attrition levels and the -3.5% pay award difference leaving a small overspend variance of £19 k in Q2.

Income

Case Fee income was £40k under budget in month, driven by lower closures. YTD this is £207k lower than budget reflecting the low case closures due to the change of scheme rules and higher than budgeted investigator attrition level.



### Capital

#### Capital Expenditure

- There has only been £1k spend on Capital expenditure YTD.
- 76 % of the capital expenditure budget this financial year is committed to upgrading our SharePoint servers and migrating the SharePoint to the new servers. This is a mandatory upgrade to ensure that we have Microsoft support for any updates and security patches. The project is due to start in Q3.
- The cost of the project is circa £375 k. The Procurement Manager negotiated with the supplier that the project be spread over two financial years to ensure we have adequate budget to cover the cost.

**The current full year forecast is for a £89 k underspend which is 0.53% of our budget (it's within the 1% tolerance level). £2 k underspend on Staff Costs and £87 k on Other Costs.**

**Staff Costs are forecasted to have an underspend of £2 k.**

This includes the 4.5% Pay Remit agreed with the Ministry of Justice, plus an additional 1% for the lower earning grades and 0.5% for the standard Investigator grade. The £1,500 non-consolidated payment for eligible staff and the associated Employer's NI @13.8% is included. We have also forecasted an increase in overtime spend allocated to help improve performance on case closures.

**Other Costs are currently forecasted to have an underspend of £87 k at the end of the year**

The underspend is due to:

- Facilities and Premises savings on electricity charges reflecting the lower actual energy prices than budgeted and recognition of rent in line with the recommendation from the auditors the requirements of IFRS16 on Lease commitments.
- Savings made from the new Telephony Contract which cheaper than budgeted and IT Support and Maintenance and Data Storage actual costs which are lower than budgeted.

**The Executive Team has considered the following mitigating actions which will be implemented to ensure full utilisation of the budget:**

- a) Overtime will be offered to improve the performance on case closures
- b) An additional recruitment of six Investigators who are planned to start in January 2024
- c) Website development to support the new infrastructure upgrade which will commence at the start of Q4
- d) Design of Publication Templates
- e) Consultant advising in Lean process review.

The Executive team regularly reviews the forecast, consider mitigating actions and implement 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 Reports – Income and Expenditure and Balance Sheet

Income and Expenditure Statement 30 September 2023	Month			Year to Date		
	Actual	Budget	Variance	Actual	Budget	Variance
	£'000	£'000	£'000	£'000	£'000	£'000
Income - Levy	1,166	1,281	(115)	7,749	7,670	79
Income - Case fees	60	100	(40)	393	600	(207)
Income - Other	0	15	(15)	65	90	(25)
<b>Total Income</b>	<b>1,226</b>	<b>1,396</b>	<b>(170)</b>	<b>8,207</b>	<b>8,360</b>	<b>(152)</b>
Staff Costs	1,067	1,158	91	6,943	6,958	15
Travel & Subsistence	1	3	2	3	16	12
Fees & Consultancy	17	29	12	180	192	12
IT & Telecoms	96	133	37	696	799	103
Premises & Facilities	54	60	5	336	383	48
Other costs	4	4	0	81	22	(59)
<b>Total Cash Expenditure</b>	<b>1,238</b>	<b>1,386</b>	<b>148</b>	<b>8,239</b>	<b>8,370</b>	<b>131</b>
Interest & Charges	-56	-38	18	-298	-301	(3)
Depreciation	44	48	4	267	291	24
<b>Non Cash Expenditure</b>	<b>(12)</b>	<b>10</b>	<b>22</b>	<b>(31)</b>	<b>(10)</b>	<b>21</b>
<b>Total Revenue Expenditure before tax</b>	<b>1,226</b>	<b>1,396</b>	<b>170</b>	<b>8,207</b>	<b>8,360</b>	<b>152</b>
Taxation	0	0	-	0	0	-
<b>Total Revenue Expenditure</b>	<b>1,226</b>	<b>1,396</b>	<b>170</b>	<b>8,207</b>	<b>8,360</b>	<b>152</b>
<b>Surplus / Deficit</b>	<b>(0)</b>	<b>-</b>	<b>(0)</b>	<b>0</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	Opening	Month	September
		Movement	2023
		£'000	£'000
Premises		(32)	382
IT Hardware & Software		(11)	179
<b>Total Non Current Assets</b>		<b>(43)</b>	<b>561</b>
Cash & Bank		(1,164)	10,793
Debtors		1,172	7,801
Prepayments		(57)	350
<b>Total Current Assets</b>		<b>(50)</b>	<b>18,944</b>
<b>Total Assets</b>		<b>(94)</b>	<b>19,504</b>
Creditors		(121)	(738)
Accruals		215	(831)
Lease Commitments		(0)	(199)
<b>Total Current Liabilities</b>		<b>94</b>	<b>(1,768)</b>
<b>Net Current Assets</b>		<b>43</b>	<b>17,176</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 -September 23

Current	30 days	60 days	90 days +	Total
£'000	£'000	£'000	£'000	£'000
39	10	6	41	96
41%	10%	7%	42%	
<b>Provision for Doubtful Debts</b>				<b>-36</b>
<b>Net Trade Debtors</b>				<b>60</b>

### Trade Debtors

- Aged Debts (over 60 days) are at £47 k.

### Trade Creditors

Days to Pay	2023/24 Q1	2023/24 Q2
Average payment days	35	25
% of invoices paid on time	68%	84%

Days to Pay	2022/23 Q1	2022/23 Q2	2022/23 Q3	2022/23 Q4
Average payment days	37	28	26	26
% of invoices paid on time	54%	84%	87%	96%

- 84% of invoices were paid on time in Q1. We will continue doing weekly payment runs to ensure all invoices are paid on time and invoices in query can be paid the following week after the query has been resolved.

# OLC Board

## Quarter 2

### Performance Reporting: People

18 October 2023

## Executive Summary

### HR Performance Metrics – Quarter 2

- **Attrition** – Q2 continues the increase in overall attrition seen in Q1. In July it stood at **22.2%**, an increase of 1.1% compared to the end of Q1, and has continued to increase over the quarter, standing at **22.9%** in September.
- Fifteen investigators left the business during Q2, negatively impacting on the investigator attrition rate. The investigator attrition rate is **33.2%** in September, a 4.7% increase since the end of Q1.
- **Sickness** –Sickness absence levels have risen during the quarter, and now stand at **12.68** average days lost per employee in September, compared to 11.42 days at the end of Q1.

### Recommendation / Action Required

- Board to note Q2 HR performance metrics.

## People Strategy

Key People Strategy/HR activity during Q2 includes:

- Detailed report on pay and benefits benchmarking exercise completed and reviewed by the Exec. Findings to be shared with RemCo and Board; will inform development of new employee value proposition (within governance constraints)
- First draft of new Recruitment Policy written, now subject to consultation process. Comprehensive, end-to-end review of recruitment processes well underway
- New terms of reference and defined roles and responsibilities documents shared with Staff Council and networks pending relaunch/refresh of Staff Council and promotion of networks
- Annual review of HR policies completed – as part of process, proactive opportunity taken to improve flexible working rights for employees
- Recruitment process underway for interim HR Systems Business Partner role - will provide much-needed focus on HR system/process improvements
- Cost-of living payment made to all eligible staff in July payroll
- Pay remit submitted to MoJ (awaiting approval at time of writing)
- 2023 People Survey launched (closes 13/10).

Priorities for Q3: commence development of new employee value proposition; updating of People Strategy.

## Attrition / Retention

A number of factors are 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, standing at 22.9% in September. The investigator attrition rate also increased due to 15 leaving the business during Q2 and was 33.2% in September. A number of leavers during Q2 have left due to better pay/other job opportunities – the recent benchmarking exercise has provided 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.

We are continuing to tackle attrition across a number of fronts by improving the employee experience in areas within our control: e.g., we have recently negotiated an improved employee benefit package; improvements have been made to our HR policies (including proactive improvements to flexible working); development opportunities have increased through secondment opportunities, implementation of the new mentoring programme and roll-out of the new Leadership Development programme; and the review of our Staff Council and networks which will further improve employee engagement mechanisms.

## Recruitment

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

- Corporate roles: Senior BI Developer, interim HR Systems Business Partner (secondment)
- Operations: GET Call Handler (2 posts), GET Adviser (3 posts), Level 1 Ombudsman secondment (2 posts).

Recent appointments made:

### Corporate

- Performance & Business Intelligence Manager, Head of Finance, ICT and Procurement, Risk Manager, HR Business Partner, Project Manager, Executive Support Assistant (maternity cover sourced via agency on FTC).

### Operations

- GET Call Handler (2), GET Advisor (3), 15 Investigators (2 internal), plus 6 additional investigators from earlier campaign reserve list (currently undergoing pre-employment checks).

## 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 accreditation are fully taken into account.

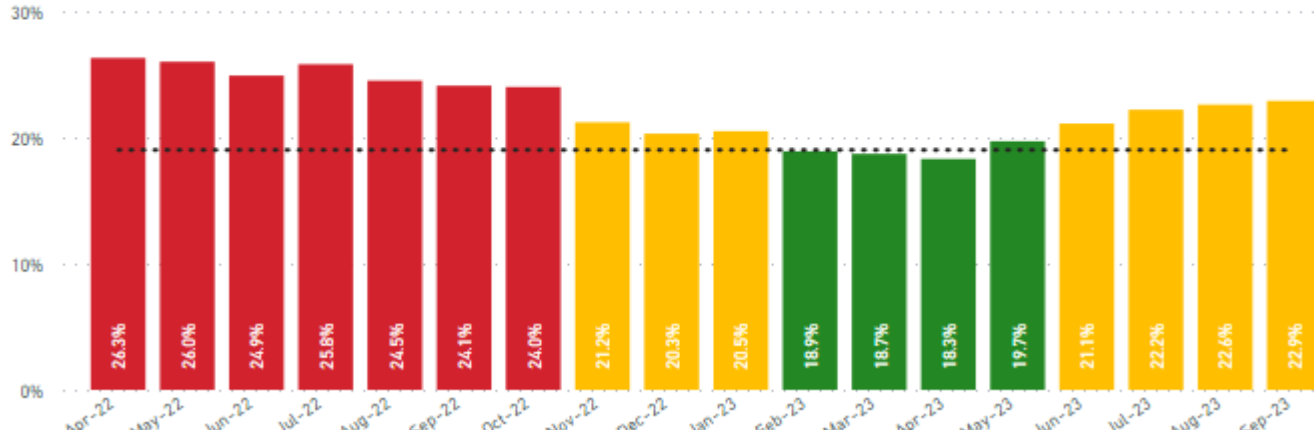
The annual review of HR policies presented a proactive opportunity to improve the Flexible Working Policy ahead of pending legislative change – the updated LeO policy now gives day 1 rights in relation to making a formal flexible working request (previously 26 weeks' service), together with the ability 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.

The first draft of a new employee Reasonable Adjustment Policy has been developed and shared with relevant colleagues for feedback. Draft Reasonable Adjustments and Carers' 'passports' have also been developed to support the Reasonable Adjustment policy and provide further support to colleagues with caring responsibilities. The ED&I Manager and the Head of People Strategy and Services have worked closely on these developments to ensure they are fully aligned to HR policy and practice.

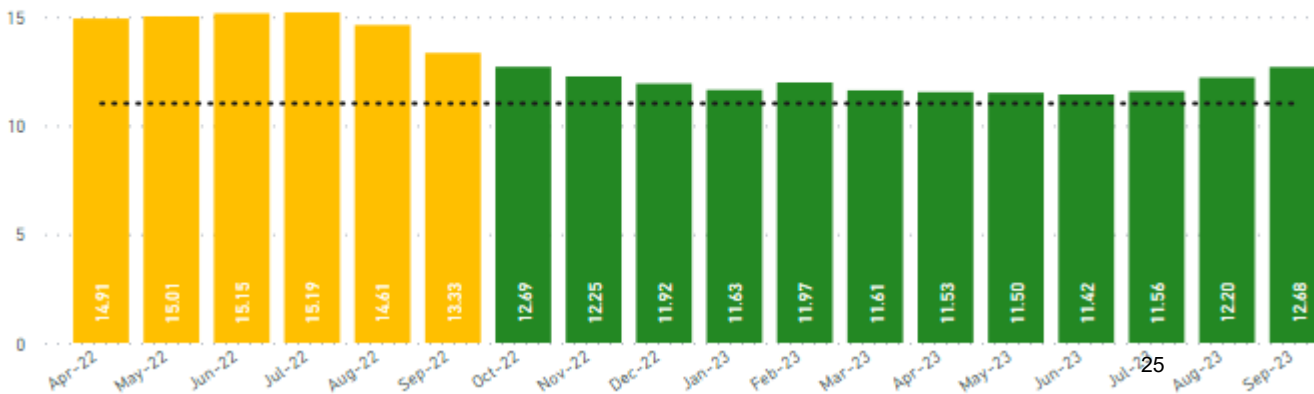


## Key Performance Metrics

### PI11 - Staff Attrition (All permanent Voluntary Leavers)



### 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. Q2 has seen an increase in overall attrition; in July it stood at 22.2%, an increase of 3.9% from the start of the previous quarter (i.e., April, 18.3%). It has continued to increase throughout Q2, standing at 22.6% in August and rising slightly to 22.9% in September. 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. Fifteen investigators left the business over the quarter, impacting on the investigator attrition rate; this stands at 33.2% in September, compared to 31.8% in August and 30.8% in July.

Corporate attrition has fell during Q2. It stood at 30.9% in July, then fell by 2.3% in August and then by a further 2.5% to 26.1% in September.

### Points for Board to note / further updates

There were a total of 20 voluntary, permanent leavers during Q2, of whom 15 were Investigators, 4 Corporate and 1 Ombudsman. Where reasons were given, nine of the leavers left as a result of promotions/other job opportunities, five for personal reasons. Five gave their reason as the role not being what they expected/not being suited to the role.

As noted above, the recent benchmarking exercise has provided 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 (within our governance constraints). As part of the current recruitment review we will also take the opportunity to consider the information shared with applicants to ensure they are clear on the requirements of the role for which they are applying.

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

### Sickness Absence

- Sickness absence levels have risen during the quarter, reversing the trend seen in Q2. The number of days lost per employee was 11.56 in July, which increased to 12.20 days in August, then to 12.68 days at the end of the quarter (compared to 11.42 days at the end of Q1, which had been the lowest figure yet over a 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 136 days (42.9%) in July, to 194 days (53.2%) in August, then falling to 133 days (53.2%) in September. There are currently 8 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 due to Covid-related absence (69 days compared to 6 in Q1). Absence due to surgery/post-operative recovery and pregnancy-related absence also contributed to the increase in absence levels over the quarter (82 days in total, 9% of absence in Q2, compared to 49.5 days, 6.6% in Q1).
- The cost of sickness absence fluctuated throughout the quarter (£34,737 in July, £43,970 in August, £31,816 in September).

### Points for Board to note / further updates

Sickness absence will continue to be closely monitored and good, proactive support is in place for managers and employees through the HR Business Partner model, which is becoming more embedded. The appointment of a new HR Business Partner will provide further support for the management of complex employee cases, including those related to absence. 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.