

<b>Meeting</b>	OLC Board Meeting	<b>Agenda Item No.</b>	7
		<b>Paper No.</b>	135.6
<b>Date of meeting</b>	24 October 2024	<b>Time required</b>	20 Minutes

<b>Title</b>	<b>Integrated Strategic Scorecard Q2 2024/25</b>
<b>Sponsor</b>	Executive Team
<b>Status</b>	OFFICIAL
<b>To be communicated to:</b>	Members and those in attendance

<b>Executive summary</b>	
<p>This paper provides OLC Board with the LeO Integrated Performance Balance Scorecard dashboard for Quarter 2 (Jul-Sep) 2024/25. This report includes a summary of performance against agreed balanced scorecard key indicators, targets and RAG rating against agreed tolerance. The latest residual scores and updates on strategic risks and issues can be found in Appendix A.</p>	
<b>Recommendation / action required</b>	
<p>Board is asked to:</p> <ul style="list-style-type: none"> <li>• <b>Note</b> and <b>comment</b> on the performance data for quarter 2.</li> </ul>	
<b>Equality Diversity and Inclusion</b>	
<b>EDI implications</b>	<b>Yes</b>
<p>The Strategic Scorecard provides a summary of reporting and performance across LeO, including in relation to LeO's customers and people. It therefore covers a wide range of areas with the potential to impact from an EDI perspective. These are considered routinely across business areas as appropriate.</p>	
<b>Freedom of Information Act 2000 (Fol)</b>	
<b>Paragraph reference</b>	<b>Fol exemption and summary</b>
N/A	N/A

Previous Quarter ▼

Narrative

Up arrow indicates improved performance on last quarter, and down arrow indicates worse performance. RAG shows performance against tolerance. Trend line shows performance over the last four quarters.

PEOPLE			
Metric	Quarter Performance	vs Prev Qtr	Trend
Sickness, lost days per head	15.9	↓	
Staff attrition	10.8%	↑	
Staff turnover	10.9%	↑	
Investigator attrition	14.8%	↑	

RESOURCES & GOVERNANCE			
Metric	Quarter Performance	vs Prev Qtr	Trend
Total unit cost	£1,991.14	↑	
Cost per early resolution outcome	£453.03	↑	
Cost per investigation outcome	£1,771.08	↓	
Forecast year end position	-0.7%	↑	
Number of strategic risks out of tolerance	1	→	
% of strategic risks and issues rated critical/high	55.6%	↑	

OPERATIONAL PERFORMANCE & EFFICIENCY			
Metric	Quarter Performance	vs Prev Qtr	Trend
New customer complaints received	2,529	→	
Complaints resolved	2,046	↑	
Unallocated investigations	3,433	↑	
% of investigations that found poor tier-1 complaints handling	45.8%		
Established investigator productivity	6.3	↑	

CUSTOMER EXPERIENCE			
Metric	Quarter Performance	vs Prev Qtr	Trend
Customer journey time - combined	284	↑	
Customer journey time - resolved in 60 days or less	38.8%	↑	
Customer journey time - resolved in 90 days or less	43.3%	↑	
Customer journey time - resolved in 180 days or less	47.5%	↑	
Customer journey time - resolved in 270 days or less	52.9%	↑	
Customer journey time - resolved in 360 days or less	55.5%	↑	
Customer journey time - resolved in more than 360 days	37.1%	↑	
Combined wait times for unallocated investigations	202	↑	
Quality - reasonable outcome - early resolution	95.8%	↓	
Quality - reasonable outcome - investigation	57.0%	↓	
Quality - reasonable outcome - ombudsman	96.7%	↑	
Quality - reasonable service - early resolution	95.8%	↑	
Quality - reasonable service - investigation	60.5%	↓	
Quality - reasonable service - ombudsman	98.4%	↑	
CSat complainant: satisfied with outcome, satisfied with service	92%	↓	
CSat complainant: dissatisfied with outcome, satisfied with service	7%	↑	
CSat service provider: satisfied with outcome, satisfied with service	91%	↓	
CSat service provider: dissatisfied with outcome, satisfied with service	19%	↑	

Select a metric above and then click here to drillthrough to its detail page

Narrative - Quarter two (July - September 2024)

PEOPLE

Overall attrition has fallen for the eighth consecutive month and at the end of Q2 stood at 10.8%, against a target of 19% and within the 'green' tolerance range. This figure represents a decrease of 4.4% compared to the end of Q1. Investigator attrition has also fallen for the eighth consecutive month, standing at 14.8% at the end of Q2 (also against a target of 19% and within the 'green' tolerance range). This represents a decrease of 7.4% compared to the end of Q1. The overall turnover rate has also decreased over 8 consecutive months. At the end of Q2 it stood at 10.9% against a target of 21%, placing it within the 'green' tolerance range and 4.2% lower than at the end of Q1.

Sickness absence levels continue to increase, from an average of 14.85 days per employee at the end of Q1 to 15.89 days at the end of Q2, against a target of 11 days. This places this metric within the 'red' tolerance range. The main reason for sickness absence in Q2 was mental health, a position unchanged from the previous quarter. Currently there are twelve employees on long-term sick leave, nine of whom are absent due to mental health issues (including bereavement and other personal reasons). The overall increase in sick leave is largely being driven by an increase in the number of staff on long-term sick leave and those with recurrent absences; a 'deep-dive' review is currently underway to assess potential root causes/issues, the level of support in place and any mitigating actions where appropriate.

RESOURCES & GOVERNANCE

Total unit cost for Q2 was £1,991.14. This is a 2.3% decrease compared to Q1 driven by lower costs in Q2 due to challenges in recruiting new and replacement corporate staff. Cost per early resolution outcome was £453.03 compared to £512.46, a decrease of 11% and reflecting an 8.3% increase in early resolution outcomes in Q2 (1,039 compared to 959 closed in Q1). Cost per investigation outcome was £1,771.08 vs £1,595.91 in Q1 reflecting the 6% decrease in investigated case closures (1,015 compared to 1,080 closed in Q1).

The outturn forecast position vs budget variance has increased from an underspend of £74k in Q1 to £118k which at 0.66% of the budget is still within tolerance. However, there is a risk that it will increase due to challenges in recruiting for new and replacement corporate positions. The Executive has been monitoring this issue and will implement mitigating actions which have already been discussed and agreed on.

No risks or issues are deemed critical, this remains static from the previous quarter. While risks have decreased in business as usual investigator attrition and scheme rules, the risk relating to the Edward House lease remains out of tolerance. Two issues remain which will not prohibit the signing of the lease - these are being addressed by the property agents and regular meetings to discuss progress are in the diary. Appendix A provides the Q2 summary of all strategic risks and issues.

OPERATIONAL PERFORMANCE & EFFICIENCY

The number of resolved cases continued a strong underlying performance trend. This has seen resolutions delivered at the upper end of published business plan forecasts, with a 6.7% increase when compared to the same period in 2023/24

New customer complaint demand remains above where we had originally expected. This is more prevalent in in-depth investigations demand where we are seeing forecasts rise from 3450 to 4050 – 4250. Core demand has increased from a forecast of 7200 to between 7500 – 7900 cases. This upward pressure on demand is inhibiting LeO's ability to meaningfully reduce the volume of unallocated Investigations.

Whilst unallocated investigations did reduce to 3433, this is outside of business plan forecasts. This is predominantly affected in year by 376 more cases at the start of the year, increased sickness and pressures on demand. Had LeO started the year with volumes of unallocated investigations as expected, delivery would be within the expected business plan ranges.

Established investigators productivity is better than forecast at an average of 6.3 cases per month over the quarter. This has been bolstered by an improvement in Investigations output as we concentrate on resolving older in-depth investigations.


CUSTOMER EXPERIENCE

The results of quarterly assessments against quality metrics for Early Resolutions and Decisions remains above target levels and this has been a stable trend over recent quarters subject to minor variances. Performance against service standards in investigations casework has declined from 71.1% in Q1 and is outside of acceptable tolerances. Outcome metrics for investigations have also dropped by 22.7% from 79.7% in Q1 back to levels seen previously in Q4 (61%).

Customer satisfaction levels remain comparable against previous quarters again subject to very minor variances quarter on quarter. (There is an inherent volatility in the satisfaction levels for customers unhappy with the outcome due to very low sample sizes).

Customer journey time has reduced to 284 days, though remains higher than anticipated due to higher than forecast unallocated investigations. Cases resolved within 90 days has dropped marginally in percentage terms, though the volume of cases resolved in 90 days has increased reflecting the year on year increase in overall resolved cases. Combined wait times for those customers waiting to have their cases allocated to an investigator has dropped to 202 days

# Strategic issues and risks

Description	Risk Appetite	Q1 Risk Score	Q2 Risk Score	Tolerable Position	Trend	Management and mitigation	Q2 update	Strategic Objective (service Impact)
<b>Issues</b>								
SI.01 Unacceptable queue of cases	Eager	16	16	Within tolerance		<ul style="list-style-type: none"> <li>Improved working practices within the front end of LeO's process. A particular emphasis on cross department working and closer collaboration with Ombudsmen.</li> <li>Improved support of new investigators through a new Support and Development Framework. This includes the replacement of LeO's previous Quality and Feedback model with a more individualistic approach to support, that will concentrate on the specific area of development as opposed to a "one size fits all" approach.</li> <li>Ongoing to work to maintain sustained unallocated Investigations reduction, assessing progress against forecast and business plan activities. Ensuring stakeholder confidence through transparency around performance, improved performance reporting, and regular engagement.</li> <li>Lean review of LeO's in depth investigation process, to include the exploration and implementation of automation and AI. Improving processes and augmenting investigators' work with technology will increase the speed of case progression and resolution.</li> <li>Plans to enhance learning and insight activities targeting high-volume providers to deliver reductions in incoming investigations demand.</li> </ul>	<p>As forecast, unallocated investigations increased through Q1 and has now started to fall through Q2 to 3433. This is against an expectation of 2655 – 3185. As with Q1 had LeO started the year at 376 cases more than expected. Without these additional cases, LeO would be within the forecast range. LeO's Executive and Performance Sub-Group have completed analysis of the factors affecting the backlog and consideration of future impacts.</p> <p>Increased demand is clearly the main contributing factor and long term factor impacting demand and slowing of pace reductions in unallocated volumes. Other factors such as increased sickness and resultant reallocations are also contributing and being managed. This is central to consideration of business planning and budget options for 2025/26 being considered with OLC Board ahead of consultation.</p>	Service

# Strategic issues and risks

Description	Risk Appetite	Q1 Risk Score	Q2 Risk Score	Tolerable Position	Trend	Management and mitigation	Q2 update	Strategic Objective (service Impact)
<b>Issues</b>								
<b>SI.02</b> Staff Attrition – Corporate and Operations roles (other than investigators)	Open	12	12	Within tolerance	↔	<ul style="list-style-type: none"> <li>Development of new EVP</li> <li>New Recruitment Policy &amp; processes</li> <li>Current review of onboarding and induction</li> <li>Actions arising from Executive workshop re: strategic focus on attrition – first stage in development of attraction and retention strategy</li> </ul>	Overall attrition fell for the eighth consecutive month and now stands at 10.8% at the end of Q2, a reduction of 4.4% compared to the end of Q1. Corporate attrition fell from 12.7% at the end of Q1 (June) to 10.6% at the end of Q2 (September). Overall quarterly performance is 10.8%. The new risk methodology has been reviewed bringing the issue within tolerable measures.	Service

# Strategic issues and risks


Description	Risk Appetite	Q1 Risk Score	Q2 Risk Score	Tolerable Position	Trend	Management and mitigation	Q2 update	Strategic Objective (service Impact)
<b>Issues</b>								
SI.03 Staff attrition – BAU investigators	Open	15	12	Within Tolerance	↓	<ul style="list-style-type: none"> <li>Development of new EVP</li> <li>New Recruitment Policy &amp; processes</li> <li>Current review of onboarding and induction</li> <li>Actions arising from Executive workshop re: strategic focus on attrition – first stage in development of attraction and retention strategy</li> </ul>	Investigator attrition fell for the eighth consecutive month and now stands at 14.8% at the end of Q2, a reduction of 7.4% compared to the end of Q1. The improved induction programme and support for new investigators continues to be a contributing factor. The continued fall in investigator attrition now places us within tolerance at the end of Q2. Quarterly performance is 14.8%.	Service



# Strategic issues and risks


Description	Risk Appetite	Q1 Risk Score	Q2 Risk Score	Tolerable Position	Trend	Management and mitigation	Q2 update	Strategic Objective (service Impact)
<b>Risks</b>								
<b>SR.01</b> Failure to meet business plan improvements in customer experience	Eager	16	16	Within tolerance	↔	<ul style="list-style-type: none"> <li>Improved working practices within the front end of LeO’s process. A particular emphasis on cross department working and closer collaboration with Ombudsmen.</li> <li>Improved support of new investigators through a new Support and Development Framework. This includes the replacement of LeO’s previous Quality and Feedback model with a more individualistic approach to support, that will concentrate on the specific area of development as opposed to a “one size fits all” approach.</li> <li>Ongoing to work to maintain sustained unallocated Investigations reduction, assessing progress against forecast and business plan activities. Ensuring stakeholder confidence through transparency around performance, improved performance reporting, and regular engagement.</li> <li>Lean review of LeO’s in depth investigation process, to include the exploration and implementation of automation and AI. Improving processes and augmenting investigators’ work with technology will increase the speed of case progression and resolution.</li> <li>Plans to enhance learning and insight activities targeting high-volume providers to deliver reductions in incoming investigations demand.</li> </ul>	As forecast, unallocated investigations increased through Q1 and has now started to fall through Q2 to 3433. This is against an expectation of 2655 – 3185. As with Q1 had LeO started the year at 376 cases more than expected. Without these additional cases, LeO would be within the forecast range. LeO’s Executive and Performance Sub-Group have completed analysis of the factors affecting the backlog and consideration of future impacts.  Increased demand is clearly the main contributing factor and long term factor impacting demand and slowing of pace reductions in unallocated volumes. Other factors such as increased sickness and resultant reallocations are also contributing and being managed. This is central to consideration of business planning and budget options for 2025/26 being considered with OLC Board ahead of consultation.	Service

# Strategic issues and risks

Description	Risk Appetite	Q1 Risk Score	Q2 Risk Score	Tolerable Position	Trend	Management and mitigation	Q2 update	Strategic Objective (service Impact)
<b>Risks</b>								
SR.02 Leadership resilience	Cautious	8	8	Within tolerance		<ul style="list-style-type: none"> <li>Ongoing monitoring of Executive and Management Team structure</li> <li>Clear communication around Executive or Management Team movements and succession planning</li> <li>Enhancing effective succession planning including as part of future people strategy.</li> <li>Support for Executive Team collective and individual resilience.</li> </ul>	<p>Risk scoring remains stable and within tolerance based on appetite. Executive leadership and wider LeO management is stable, although the CO continues to monitor pressures on resilience in terms of capacity and workload. Overall remains within a tolerance level. At Management level (which impacts the overall resilience of LeO's leadership ) operational management resilience remains stable with low attrition.</p> <p>The start of the Legal Manager has added to resilience. Challenges continue in recruiting the Programme Manager with the required experience for such a key role in ensuring programme delivery of key projects and business plan deliverables across the organisation. Overall, resilience remains manageable and at a similar level as previous quarters and within tolerance.</p>	Service




# Strategic issues and risks

Description	Risk Appetite	Q1 Risk Score	Q2 Risk Score	Tolerable Position	Trend	Management and mitigation	Q2 update	Strategic Objective (service Impact)
<b>Risks</b>								
SR.03 Budget Variance Against Forecast	Minimal	4	4	Within tolerance		<ul style="list-style-type: none"> <li>Finance continuing to support budget holders to assess actual expenditure and to forecast outturn.</li> <li>Executive Team reviewing progress on plans to mitigate underspend / overspend on a monthly basis.</li> <li>Continuing to update forecasts (before and after financial review meetings).</li> </ul>	<p>The outturn budget variance as of the end of August 2024 after updating the forecast with changes provided by budget holders was an underspend of £75k which at -0.42% is within the 1% tolerance level. This is within the +/-1% variance allowable by the Ministry of Justice, although there remain some areas of recruitment that could present some pressure to this figure.</p> <p>The September position will be updated after we have reported the YTD accounts to MoJ and held the financial review meetings with all budget holders in October - the last meetings will be held after the ARAC meeting on the 14 October. Expectation is that underspend will increase and mitigating actions are being implemented.</p> <p>The Executive have created a list of mitigating actions which they have considered and ranked by priority (list provided above for assurance). The list will be reviewed at every meeting and actions implemented accordingly to ensure the budget variance is within the tolerance level. We also continue to update the forecast on a regular basis, especially during and after the financial review meetings to ensure all changes are recorded and reported timely.</p>	Service

# Strategic issues and risks

Description	Risk Appetite	Q1 Risk Score	Q2 Risk Score	Tolerable Position	Trend	Management and mitigation	Q2 update	Strategic Objective (service Impact)
<b>Risks</b>								
SR.04 Scheme Rules Changes	Cautious	9	6	Optimal tolerance	↓	<ul style="list-style-type: none"> <li>Internal monitoring of the impacts of the new SRs, and reporting to OLC on an exceptional basis on any significant adverse impacts on factors such as levels of demand, access to justice or the implications on customers with particular EDI characteristics</li> <li>Existing suite of reporting within PowerBi enables LeO to understand where the application of the SRs is having an adverse impact on operational delivery or creating bottlenecks which can be addressed as required.</li> <li>Quality framework enables LeO to go through sign-off process with decision-making staff and to track the practical application of the new SRs through quarterly quality reviews and dip sampling.</li> <li>The criteria used for the application of discretion is under continuous review, given the circumstances where it will be fair to apply it will evolve over time as awareness of the new rules increases). This approach will enable LeO to ensure discretion is only applied where it is fair and reasonable to do so.</li> </ul>	<p>We continue to monitor the application and impacts of the new scheme rules and have not identified anything that gives us cause for concern that the changes are having a detrimental impact of any group(s) of our customers. We are now starting to see more frequent application / consideration of the 5.19/5.20 rules and will monitor those as part of our ongoing quality assurance regime – further we will continue to ensure that ombudsman are trained and signed off on making those kinds of decision before they are given the autonomy to make them as part of their general workload.</p> <p>We are aware that reduction in demand has not been as evident as we had anticipated but this is attributed to a general and long term increase in demand for LeO's service rather than an overestimation of the impact of the changes themselves. Given the lack of issues that have arisen since the rules have been implemented we consider it reasonable to reduce the risk rating in terms of likelihood from 3 to 2.</p>	Service

# Strategic issues and risks


Description	Risk Appetite	Q1 Risk Score	Q2 Risk Score	Tolerable Position	Trend	Management and mitigation	Q2 update	Strategic Objective (service Impact)
<b>Risks</b>								
SR.05 GPA Birmingham Hub	Cautious	12	12	Outside tolerance		<ul style="list-style-type: none"> <li>To continue to hold, with Executive attendance, fortnightly Steering Group meetings for programme review, issue escalation, decision making, risk management, budgetary and finance review and resource allocation</li> <li>MoJ and C&amp;W fortnightly meetings - To continue to hold fortnightly meetings with the Ministry of Justice (MoJ) and Cushman and Wakefield (C&amp;W) the appointed agents to monitor and expedite the feedback from the landlord to understand LeOs position, reference the Edward House lease, as soon as possible.</li> <li>GPA Hub Discussions - To continue discussions with the GPA and the MoJ to understand the proposed direction for ALB's and government estate and also confirm the timelines and associated costs for GPA Hub 3.</li> <li>Enterprise Risk Manager to introduce new controls, mitigating actions with set target dates and linking any potential risks/issues through the new risk system by 31 December.</li> </ul>	<p>The end of Q2 has seen significant progress with the EH lease as its nearing its completion date. There now remains only one outstanding query to be resolved, this relates to Crown Sharing Provisions and service charge – the project team continue to discuss regularly and will not impact on the lease. LeO will have an update on both points on 17 October, which will hopefully give us assurance that we are near completion and therefore will reduce the risk score at the start of Q3.</p> <p>Discussions are still taking place re moving to the GPA Birmingham hub - costings have been shared and the LeO steering group will be meeting later in October to analyse these further. Updated timelines indicate the opening of GPA hub will now be in 2028 - this is past LeO's 3-year lease break clause. This message has been communicated to GPA colleagues and will continue dialogue re timelines and suitability of the hub in coming months.</p>	Service

# Strategic issues and risks

Description	Risk Appetite	Q1 Risk Score	Q2 Risk Score	Tolerable Position	Trend	Management and mitigation	Q2 update	Strategic Objective (service Impact)
<b>Risks</b>								
SR.06 Failure to deliver new impact objective	Open	8	8	Optimal tolerance		<ul style="list-style-type: none"> <li>Recruiting additional ombudsman resource to support the delivery of learning and feedback.</li> <li>Active recruitment to build capacity and increase resilience in the team.</li> <li>Regular discussions with operations to understand, anticipate and plan for resource needs.</li> <li>Oversite of delivery commitments under this objective.</li> </ul>	<p>Ramp up in terms of capacity and data analysis has been the Q1 and 2 focus, in line with Business Plan commitments.</p> <p>Transferring staff to delivery of L&amp;I progressed across Q1 and 2 despite challenges in balancing management of increased complaints demand and ensuring operational delivery is not destabilised. L&amp;I management in place with Strategic Engagement Manager and Learning and Insight Manager recruited and progressing L&amp;I Business Plan deliverables including data analysis and improved regulatory relationships.</p> <p>Work ongoing to develop plans for best practice complaints handling. This will be supported by full time Senior Ombudsman resource which is being moved from operations to lead and add senior level insight to progress on best practice complaints handling deliverables. This will include development of programme of interventions support with high generators of complaints. Discussion ongoing with the LSB on next steps on LSB first-tier complaints work.</p> <p>Data analysis progressing and providing far greater levels of insight including analysis on drivers of demand. Preparing data and insight in complaints handling including detailed annual complaints report and regulator letters highlighting areas for improvement.</p> <p>Data and insight inform priorities for the rest of the financial year in line with Business Plan commitments. Refinement/analysis of annual complaints data ongoing and publication plans in train. Engagement with regulators around data- and insight-sharing going forward; requirements being noted pending strategic engagement forums being developed.</p>	Impact



# Strategic issues and risks

Description	Risk Appetite	Q1 Risk Score	Q2 Risk Score	Tolerable Position	Trend	Management and mitigation	Q2 update	Strategic Objective (service Impact)
<b>Risks</b>								
SR.07 Absorb demand Volatility	Open	12	12	Within tolerance		<ul style="list-style-type: none"> <li>Enterprise Risk Manager to introduce controls, mitigating actions with set target dates and linking any potential risks/issues through the new risk system by 31st December.</li> <li>Continuing to identify and implement a range of measures to increase efficiency and capacity, to offset incoming demand – as set out in detail under 2d.</li> <li>Recruitment of key delivery-focused roles to support learning, insight and strategic engagement – helping prevent demand at source including through targeted intervention.</li> <li>Increasing analysis of historic and current years' complaints trends, including identifying legal providers driving high volumes of complaints who would benefit from targeted intervention.</li> <li>Ensuring LeO has appropriate forums in place to enable regular and effective strategic engagement with both regulators and professional bodies – in view of the role of both in bringing about a culture shift in the sector's attitude and approach to complaints.</li> </ul>	Demand for LeO's service remains higher than forecast and is increasing, reflecting a trend in the longer term. Forecast reductions resulting from Scheme Rules time limits changes, have been replaced with general increases in demand. This in particular is affecting demand for investigations, the area of demand that impacts unallocated investigations. This is a significant driver in the slowing of the reduction in unallocated investigations and continues to be a risk to both LeO's strategic objectives.	Service & Impact