

<b>Meeting</b>	OLC Board Meeting	<b>Agenda Item No Paper No</b>	2 136.1
<b>Date of meeting</b>	18 December 2024	<b>Time required</b>	30 minutes

<b>Title</b>	<b>Chief Ombudsman Executive Report</b>
<b>Sponsor</b>	Paul McFadden, Chief Ombudsman
<b>Status</b>	OFFICIAL

#### **Executive summary**

This Chief Ombudsman report for the December OLC Board meeting provides an in-quarter summary of key progress and performance. A full quarterly update on LeO's Quarter 3 performance will be provided at the January OLC Board meeting.

In-quarter performance remains consistent with recent updates: resolution performance remains high and at the higher end or in excess of forecasts whilst the pace of reduction of the unallocated investigations queue and customer journey time continues to be impacted by increased levels of demand. Key risks to performance relate to increasing demand, attrition and sickness. Whilst demand is again higher so far in Quarter 3, investigations demand continues to present a significant challenge despite performance progress. Sickness has reduced slightly, although remains high, whilst investigator attrition continues to be maintained at a manageable level.

The headline findings of the 2024 People Survey are now available, showing a positive and improving picture on people culture and engagement. An update below and on the November Remco meeting will provide Board with further opportunity to explore this.

The primary focus of LeO's external engagement has been on the 2025/26 budget and business plan consultation (which closed on 13 December). Engagement so far has shown broad support for LeO's plans and highlighted further evidence of robust confidence in LeO's leadership, our transformation and grip on operational performance but also optimism and constructive engagement around specific elements future plans, including the commitment to transparency, better sector complaints handling and other specific proposals including case fee changes.

LeO continues to bolster resource available for learning and insight and enhance and develop its relationship management and insight sharing. LeO published its annual report of complaints received and resolved in 2023/24, writing to all approved legal regulators to provide additional specific data and set out a clear picture of the cultural shift that needs to happen across the profession in respect of welcoming and learning from complaints ahead of further detailed engagement in January.

Further updates, including on the consultation responses, will be available to OLC Board members in meeting where the Executive can provide further information on any areas as required.

#### **Recommendation or action required**

The Board is asked to **Note** the report.

#### **Equality, diversity and inclusion**

Does this paper have EDI implications?	Explanation
Yes	The Chief Ombudsman's report provides a summary of activity and performance across all areas of LeO's strategic and operational focus, including in relation to LeO's customers and people and specifically updating on LeO's EDI activity. The report, therefore, covers a wide range of areas with overarching relevance to LeO's EDI focus and the potential for EDI-related impacts. These are considered routinely across business areas as appropriate.
<b>Freedom of Information Act 2000</b>	
Paragraph reference	Exemption and summary
N/A	N/A

## Chief Ombudsman report

### Strategic objective for LeO's service: LeO resolves complaints fairly and effectively, providing an excellent customer experience

Relevant strategic risks and issues	<ul style="list-style-type: none"><li>▪ Strategic Issue 01: Backlog</li><li>▪ Strategic Issue 02: Staff attrition</li><li>▪ Strategic Issue 03: Operations staff attrition: Investigators</li><li>▪ Strategic Risk 01 – Performance trajectory</li><li>▪ Strategic Risk 04 – Scheme Rule changes</li></ul>
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#### LeO's performance

##### *Resolution performance exceeding forecasts*

LeO's resolution performance has continued to reach the higher end of forecasts across the first two months of Quarter 3, exceeding the upper range of forecasts with a 12.8% increase on the same period in 2023/24 and a year-to-date increase of 8.3% (an increase of more than 400 customer resolutions on the previous year).

This leaves LeO on track to finish between 8,200 and 8400 resolutions by the end 2024/25, at the higher end of annual forecasts.

##### *Demand remains high and increasing and continues to impact queue reduction*

Demand for LeO's service remains higher than the same period last year. Core demand – the volume of complaints that need and early resolution or in-depth investigation - increased by 11.6% so far in quarter 3 on the same period last year with demand for in-depth investigations up by 6% in Quarter 3 on the same period last year. At the end of Quarter 2 forecast demand trajectories for the remainder of 2024/25 were revised. Quarter 3 demand levels are in line with these revised ranges and LeO continues to expect to see 4050 – 4250 in depth investigations for 2024/25, against an original forecast of 3450, a significant rise in demand against forecast.

Unallocated investigations have reduced to 3,362 so far in Quarter 3, 50 cases over reforecast lower expectations. Year to date the queue has reduced by 0.4%, the rate of reduction significantly impacted by high investigations demand. New investigators are growing in productivity and will be at full case holding capacity by December 2024. With higher expected resolutions and subdued seasonal demand in December the unallocated investigations queue should come back within the reforecast range within Quarter 4.

##### *Lower attrition is supporting increased productivity*

Investigator attrition has continued a downward trajectory in Quarter 3. Alongside LeO's improved investigator induction, this has increased investigator productivity to the highest point this year at 6.3 per FTE, with LeO's recent new starters on track to become fully productive in Quarter 4. Higher-than-forecast rates of sickness absence at the half-year point have improved throughout Quarter 3, though remain at the higher end of forecast ranges. Continued focus on tackling

the challenge is having an impact and LeO will continue to monitor and manage accordingly.

**LeO customers’ experience**

*Customer journey time*

Overall customer journey times have improved marginally throughout Quarter 3, as they have across 2024/25 as a whole, with combined customer journey time for all cases reducing from 295 to 292 days. The percentage of cases resolved within 90 days (year to date) has reduced marginally from 45.6% to 44.6%, though notably this involves an increase in the number of cases resolved within this timeframe year on year as LeO has increased investigation outputs. At the other end of timescales, the proportion of investigations taking more than two years for a resolution has also reduced from 8.6% to 5.9%.

The average end-to-end customer journey time for early resolutions – which represent around half of all LeO’s resolutions – was 50 days. The average time once allocated to an investigator – the measure of active investigation time and time for procedural fairness checks – has reduced from 160 days to 144 for all complexities of investigations. For all resolved cases, including early resolutions, the average time from allocation to an investigator to resolution has reduced from 110 to 101 days.

LeO is making a small change to the makeup of investigator case holdings, increasing the number of medium complexity cases allocated to an investigator. This change is being made to ensure an appropriate balance between low and medium complexity customers with longer wait times. It is expected that throughout the remainder of Quarter 3 and into Quarter 4, the metric *Combined wait times for unallocated investigations* will decrease while *Average time in unallocated investigations queue for cases taken out* will increase. This will continue until the current disparity in wait times for low and medium complexity cases is equalised, expected by the end of Quarter 4.

**Strategic objective for LeO’s impact: LeO’s independent voice and experience lead to improvements in legal services**

Relevant strategic risks and issues	Strategic risk 6 : Failure to deliver new impact objective
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**Regulatory and stakeholder engagement**

Since October Board, the primary focus of LeO’s external engagement has been the proposed 2025/26 budget and business plan. This engagement has included detailed conversations with the Legal Services Board as part of the approval process: both in advance of the LSB’s November Board meeting and at that meeting itself.

Following OLC Board (and Chair’s delegated) approval on 24 October, consultation on the draft budget and business plan launched on LeO’s website on

Thursday, 31 October until Friday, 13 December. At the date of drafting, nine written responses have been received; a verbal update will be given at the December meeting ahead of more detailed discussion in January.

Recognising the value of hearing perspectives and addressing questions in person, during the consultation window LeO:

- Held a stakeholder consultation session on 21 November. Feedback on the day highlighted robust confidence in LeO and its leadership, based not only on LeO's transformation, but its commitment to transparency and meaningful engagement around current performance and future plans. Overall there was broad support for LeO's plans to increase resource to deliver ongoing improvements to customers' experience, while maintaining a focus on value and efficiency. There was also strong support for LeO's intention to continue to develop its data and insight-sharing capabilities under its impact objective, including to support better complaints handling across the profession via standardisation and best-practice sharing, working closely with regulators but with distinct roles and responsibilities.
- Spoke at a meeting of the Legal Services Consumer Panel on 4 December. Panel members were particularly interested to hear about plans to publish Ombudsman decisions, LeO's role in bringing greater standardisation to complaints handling and the sector's response to this, and LeO's ability to accept complaints from third parties other than beneficiaries.
- Ran an internal engagement session with LeO's people. The discussion was very positive, showing high levels of engagement around both strategic objectives. Specific issues raised include the opportunities presented by AI, as well as the changes it might bring, the impact of early resolution on investigation complexity, as well as ideas for how LeO can enhance its insights and transparency and incentivise better complaints handling.

In line with the usual approval process, the OLC Chair and Chief Ombudsman attended the LSB Board meeting on 27 November to discuss the draft budget acceptance criteria submission. Feedback from the LSB Board indicated overall support for the submission (although it was clear this meeting was not to consider LSB approval of the budget and business plan); assurance was provided around specific questions and points of challenge on the day, which will be factored into the final documents to be submitted in February 2025. These included focus on demand and how this can be managed, challenges around sector complaints handling and how this can be addressed, plans on case fees and transparency and how LeO works with regulators around sharing insights. There were also specific questions around management of sickness across LeO and an intent expressed by the LSB to streamline the budget acceptance criteria submission in future years.

During the consultation period, LeO also hosted two visits from key stakeholders. While not specifically focused on the consultation, both were opportunities to discuss and hear feedback on LeO's progress, challenges and future plans:

- On 31 October, LeO colleagues hosted LSB Chief Executive Craig Westwood at Edward House; this was the Chief Executive's first visit to LeO. Across the day he heard from operations team members, who gave an insight into LeO's service, operational process, the nature and complexity of complaints and common themes in service and complaints handling failings. Executive colleagues discussed LeO's application of and future investment in technology, and plans to grow LeO's impact on standards of service and complaints handling across the legal profession. The Chief Ombudsman also met the Chief Executive on 10 December for a regular discussion.
- On 20 November LeO hosted Law Society President Richard Atkinson at Edward House. Richard was also given an insight into the nature of LeO's work and LeO's insights into the quality of service and complaints handling being delivered by the profession. A helpful discussion also covered the challenges and opportunities presented by enhancing the transparency of LeO decisions and changing the case fees framework.

Following a meeting with the SRA Director of Strategy earlier in the year, on 18 November LeO colleagues met members of the SRA team for the first of new regular meetings intended to ensure strategic and operational alignment. Discussion focused in particular on the SRA's new internal structures on first-tier complaints handling, and how best to ensure its work is informed by LeO insights going forward. Following its review of consumer protection, the SRA is currently consulting how client money can be safeguarded; LeO has committed to sharing its perspectives as part of future engagement.

### **Sharing insights to improve complaints handling and prevent complaints**

LeO published its annual report of complaints received and resolved in 2023/24. This followed a significant amount of internal work to quality assure the data, enhance it for the year in question and identify improvements for future years. In advance of publishing the data, LeO wrote to all approved legal regulators setting out a clear picture of the cultural shift that needs to happen across the profession in respect of welcoming and learning from complaints. To accompany the letters to the largest regulators – the SRA, CLC and BSB – LeO shared an annual report of complaints specific to each regulated community, including the names of legal providers responsible for generating most complaints by volume and proportion of service and complaints handling failings.

### **Delivery and resourcing – progress and priorities**

LeO has bolstered its impact programme with the addition of two LeO senior ombudsmen to the complaints handling and insight work. This will bring capacity and impetus to LeO's focus on driving better complaints handling – and also ensure that this and LeO's wider insight-sharing programme is underpinned by credible ombudsman expertise and experience required to deliver meaningful improvements in the sector. Recruitment is underway for officer-level roles to support the delivery of LeO's impact objective, as per 2024/25 resourcing plans.

In line with the business plan, work has continued to strengthen and evolve LeO's internal structures and channels for identifying and acting on trends in complaint volumes and issues, as the basis for targeted support with legal providers. A number of providers have been identified as requiring engagement with LeO to reverse negative patterns in complaints and behaviour; potential approaches are being considered, with particular focus given to how the impact of any intervention can be evaluated.

## Updates on strategic enablers and supporting strategies

### People and culture

Strategies relevant to update

People and EDI

#### 2024 People Survey

The headline findings of the 2024 People Survey have now been made available and show a positive and improving picture on last year's results. The response rate was 60%, an improvement on last year's 57%. The employee engagement score landed at 59%, compared to 56% in 2023.

Of the nine core themes, eight showed an improvement on 2023, the remaining one ('My Manager') being unchanged at 75%. The questions related to discrimination and bullying/harassment also showed improvement on last year.

The table below shows a summary of the headline results:

Theme	2024	2023	LeO variance (2024 v 2023)
Response rate %	60%	57%	▲ 3%
Overall Engagement score	59%	56%	▲ 3%
Pay & Benefits	26%	23%	▲ 3%
Learning & Development	56%	51%	▲ 5%
Leadership & Managing Change	56%	55%	▲ 1%
My Manager	75%	75%	0%
My Work	77%	73%	▲ 4%
My Team	77%	74%	▲ 3%
Resources & Workload	77%	74%	▲ 3%
Inclusion & Fair Treatment	79%	75%	▲ 4%
Organisational Objectives & Purpose	94%	89%	▲ 5%

Discriminated against ('No' answers)*	87%	83%	▲ 4%
Bullied or harassed ('No' answers)*	87%	85%	▲ 2%

Particularly pleasing is the 'Organisational Objectives and Purpose' score at 94%, a 5% improvement on last year and 11% higher than the overall Civil Service score of 83%. Pay and benefits, typically the lowest scoring theme (which saw a year-on-year decrease over the period 2021-2023) also improved, increasing from 23% to 26%.

Overall this is a positive picture, reflective of the commitment to staff engagement over recent years and a raft of other work focused on improving the overall employee experience at LeO. However, we are not complacent and will continue to listen to our people and work on areas requiring further improvement. Detailed analysis of the survey results will commence in the new year, with the full report presented at the March RemCo meeting.

### **New hybrid working model**

Currently LeO operates 40% office hybrid working model. It has been clear for some time from employee feedback across a range of mechanisms that our staff value flexibility and would welcome more in relation to the office/homeworking split. Following active engagement with the new Staff Council the Executive formally consulted with our workforce on options for a revised hybrid working model that balances greater flexibility with the need for in-person collaboration, team working and training.

Despite a shift to increasing the time spent in the office by MoJ and wider civil service departments, the Executive Team considers maximising flexibility, whilst retaining some office working for the reasons outlined above, to be a key component in improving our employee offer. Therefore, going forward the new hybrid working model will be a requirement for 20% of time spent in the office, spread over a month with a clear commitment to collaborative working and maintaining high levels of performance across the organisation. This will be communicated to staff shortly, and will be supported by the development of detailed guidance on the new arrangements, the expectations related to it, and support for managers in implementing increased remote working effectively.

### **Equality, Diversity and Inclusion**

Positive progress continues on LeO's EDI strategic objectives and action plan remain on track for completion by the end of 2024/25.

In November the new OLC EDI Board Sponsor, Patricia Tueje, formally took over the role of chair for LeO's EDI Steering group, an important internal engagement forum which allows us to report on the progress of EDI activities and to seek views on future initiatives which inform our EDI strategy.



Working closely with our Reach network, Quarter 3 was the completion of a full review and update of LeO’s managing unacceptable behaviour policy for customers, including guidance for LeO’s staff on microaggressions to help ensure LeO staff feel safe and supported at work - and directly address feedback from safe space feedback sessions as an identified area of improvement.

The development of LeO’s new menopause in the workplace policy is at the final stages of approval and this new policy will be launched in Quarter 4.

Working with LeO’s LGBTQ+ network an external speaker session was arranged to celebrate trans awareness week in November. Over 50 colleagues attended to support the event and learn more around trans inclusion from the lived experience of a transwoman. We continue to develop our knowledge and focus in this area and are collaborating with the MoJ to learn about trans inclusion best practices.

LeO’s annual gender pay gap report was presented to Remco in November. LeO has seen some positive change with the mean gender pay gap reduced by 3% compared and now standing at 8%, continuing to remain below the public sector average of 11.5%.

A GP-led men’s health webinar which covered many health-related issues that men will face during their lifetimes. As we seek to do more to engage and support male colleagues at LeO, we are reaching out via a staff survey in Quarter 4 to gather data and views on whether we should formalise this support through a men’s network.

**Relationships and collaboration**

Strategies relevant to update	Knowledge and insight (in development)
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As outlined above, LeO has continued to review its strategic engagement with legal regulators, and to generally enhance its relationships via engagement opportunities that give an insight into how LeO works and plans to develop both its service and its impact.

A GIAA audit of stakeholder engagement is scheduled to take place across December and January, as part of which GIAA have considered the stakeholder mapping and engagement approach shared with Board in October. GIAA’s recommendations will be valuable as LeO shapes its engagement approach for 2025/26 and beyond, including to secure the collaboration we need to deliver ambitions under the impact objective.

**Systems and intelligence**

Strategies relevant to update	Technology and innovation (in development), knowledge and insight (in development)
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The generative AI writing engine proof of concept is sufficiently developed and will shortly commence the next stage of development focused on the specific prompt sequence that delivers written drafts tailored to LeO's style and content.

LeO is alert to the risk that AI implementation poses to people, customers and systems balanced against the opportunities that it presents. To ensure that LeO has the firmest foundation to develop AI in a balanced and sustainable way, we are currently procuring focused input from specialist technology consultants to work with LeO throughout the remainder of 2024/25. This input of knowledge, skills and expertise will ensure that LeO understands the latest and emerging development and what is in the art of the possible and support the shaping of an AI strategy, looking at current priorities and testing but also preparing LeO to harness future developments in the AI.

LeO's has continued to use other technologies to support our automation and systems agenda, with a planned upgrade of financial accounting software. This upgrade aims to deliver a more efficient use of systems, delivering not only resilience in this critical area, but a capacity saving of approximately five hours per month on financial planning

**Value for Money, resources and governance**

Strategies relevant to update

Future ways of working

**2024/25 Budget position**

The forecast end year outturn budget variance projection, as of 10 December 2024, was for an underspend of £137k (-0.76% of budget and within MOJ tolerance of 1%). We continue to manage the impact of delays and challenges in recruiting new and replacement corporate staff, including the balancing of priorities on the timing of transfers from operations to learning and insight work in the face of increased demand.

The Executive continues to monitor the underspend and potential mitigating actions on a regular basis to ensure that the end-year position is managed down and within tolerance. The list of mitigating actions being considered or implemented all impact on performance and strategic objectives.

**GIAA Internal audit**

The GIAA 2024/25 audit plan remains on track with the first two audits receiving a substantial rating. The final terms of reference on the contract management audit have been agreed and shared, with the field work for the stakeholder engagement audit starting in December. There are seven open recommendations, three of which have an end of quarter due date.

Planning for the 2025/26 audit plan has also commenced with the Chief Ombudsman and Head of Programme Management and Assurance meeting the GIAA head of internal audit ahead of a meeting with the ARAC Chair. Initial suggestions for broad areas of audit plan scope include recruitment and retention; financial management; casework quality; digital transformation and internal communications and engagement.