

<b>Meeting</b>	OLC Board Meeting	<b>Agenda Item No.</b>	5
		<b>Paper No.</b>	135.4
<b>Date of meeting</b>	24 <sup>th</sup> October 2024	<b>Time required</b>	20 minutes

<b>Title</b>	<b>AI and Automation</b>
<b>Sponsor</b>	David Peckham - Head of Operations, Business Intelligence, Operational Transformation, IT
<b>Status</b>	OFFICIAL
<b>To be communicated to:</b>	OLC Board

<b>Executive summary</b>
<p>LeO has launched various projects to automate processes in both corporate and operational areas. These range from small daily improvements, like email bundling software, to major changes in how customers interact with LeO's services.</p> <p>The main focus has been on intelligent automation to replace manual processes with automated solutions. In the first half of 2024/25, LeO expanded its efforts to explore AI, particularly to enhance written communication, aiming to boost efficiency further.</p> <p>This paper outlines LeO's current approach, which includes:</p> <ul style="list-style-type: none"> <li>• Initial research and work with GIAA to assess potential.</li> <li>• Development of LeO's initial approach to scoping, testing and implementing a first draft writing engine with LeO' service complaints, with the potential for scaling and broader rollout across wider operational processes to enhance LeO's service and productivity.</li> <li>• Exploring the capability of AI to summarise complex final Ombudsman decisions, supporting LeO's transparency agenda and seeking to minimise disruption and cost.</li> <li>• Providing an overview of the automation initiatives already implemented and those currently in progress.</li> </ul>
<b>Recommendation/action required</b>
<p>Board members are asked to review, feedback on LeO's approach to AI and automation. Feedback is particularly sought on:</p> <ul style="list-style-type: none"> <li>• Projects established for the scoping, testing and implementing the first draft writing engine with internal complaints teams.</li> <li>• Early views on LeO's approach to the use of AI.</li> <li>• The Board's appetite for increased strategic use of AI within LeO.</li> <li>• Broader views and experience of progress, risks and challenges elsewhere</li> </ul>

<b>Equality Diversity and Inclusion</b>	
<b>EDI implications</b>	<b>No</b>
<p>Using AI brings many impacts and risks and could pose potential unknown risks in terms of LeO's delivery from an EDI perspective. AI has the potential to perpetuate bias if trained on bias data, leading to unfair outcomes. Lack of diversity in development could also result in discriminatory AI tools. Over-reliance on AI without human oversight can exacerbate bias. Data privacy concerns could also arise, particularly affecting marginalised communities.</p>	
<b>Freedom of Information Act 2000 (Fol)</b>	
<b>Paragraph reference</b>	<b>Fol exemption and summary</b>
	N/A

## **Background**

LeO's is committed to leveraging technology to drive continuous improvement and operational excellence and act as an enabler for the 2024/27 OLC strategy for LeO.

Throughout its recovery period, LeO has transformed into an organisation that proactively seeks innovation, continuously striving to enhance efficiencies and improve performance across all areas. This drive for innovation has been significantly fuelled by the exploration and rapid implementation of new and existing technologies. Advancements in technology present LeO with further opportunities to make substantial improvements in organisational performance through the continued adoption of automated processes and the introduction of AI.

LeO has developed and implemented numerous projects, with others planned for the remainder of 2024/25, aimed at automating processes within both corporate and operational functions. These initiatives range from minor daily improvements, such as the introduction of email bundling software, to major changes in customer interaction processes at the outset of LeO's services.

To date, LeO's primary focus has been on intelligent automation, aiming to eliminate manual processes and replace them with automated solutions. In the first half of 2024/25, LeO has expanded its technological ambitions to include the exploration of AI and its potential to enhance operational processes. Written communication has been identified as a key area where AI can deliver significant efficiencies.

## **Identifying areas of opportunity**

LeO's Executive has explored areas where AI could be used to augment its people to create further efficiency. This process identified that most of LeO's written and investigative work could be supported by AI with the use of a generative AI writing engine, this takes user notes and comments and turns them into a draft report. In the case of summarising decisions, the writing engine takes already written content and analyses the content to condense and produce a summary. The scale, complexity and risk in wholesale changes meant that a structured approach was required. This structure has been developed using industry best practice developed by Microsoft to support organisations in the implementation of AI.

To integrate AI into LeO effectively, we began by identifying specific areas where AI could assist in drafting written content. This involved a thorough analysis of various tasks to pinpoint those that were repetitive or time-consuming, where AI could add significant value.

## **Initial research and work with GIAA and scoping initial LeO pilots**

Finding the right supplier was a crucial first step. We researched and selected GIAA as they had demonstrable experience in creating writing engines, something they had developed and implemented at scale in their organisation. It was essential that the GIAA could customise their AI solution to meet LeO's specific needs, ensuring it would be a good fit for our organisation.

We selected LeO's service complaints to serve as a testing ground. This area was chosen given that service complaints involve a similar approach to drafting case decisions within the investigations process - with outputs and learning from pilots being transferable to wider LeO casework processes - whilst bringing lower potential risk, including challenge or impact to core productivity. Service complaints are also subject to clear metrics around quality and efficiency which would allow us to measure the impacts of AI.

By focusing on a specific project, we aimed to gather precise data on the AI's performance, understand the practical people implications and develop an understanding of what was required to develop a robust governance framework around this use.

We have conducted a low-risk test of the AI writing engine. This initial implementation will be carefully monitored, and feedback is being gathered from users to make necessary adjustments. By testing in a low-risk area, we minimised potential disruptions and ensure a smooth trial phase.

In the early stages of testing, the AI complaint drafting tool has received positive feedback from users. They have noted that the tool is concise and delivers accurate drafts, effectively capturing the key themes of complaints in an easy-to-read and understandable format. However, there are still areas that require development to ensure further accuracy and to reduce the amount of time users need to adapt an AI-written draft into an acceptable final version.

An important aspect of evolving the AI tool is training staff to make notes in a different way. This adjustment will help the AI perform more effectively and will continue to improve over time. Despite these areas for improvement, the initial feedback is encouraging. Users believe that with further adaptation, the tool has the potential to reduce the time they currently spend drafting complaints from scratch. This promising start suggests that the AI complaint drafting tool has the potential to streamline the complaint drafting process, making it more efficient and user-friendly. Continued development and user feedback will be essential in optimising its performance and ensuring it meets user needs.

### **Scaling up after initial assessment and testing of potential**

The primary goal of testing in internal complaints is to develop a reliable AI writing engine. This engine will be assessed as to whether AI can be used to write first draft case decisions. Following this, the plan is to evaluate all other written tasks within the operational process to determine if the engine can be effectively utilised for those as well.

At the point where we are assured that testing is delivering accurate and consistent results, we will plan for a wider rollout across operations. By analysing the data, we will assess the AI's effectiveness and identify areas for improvement on a case-by-case basis. We will develop a comprehensive rollout plan, including employee training and integration with existing systems. This gradual expansion will allow us to continuously monitor and refine the AI's performance, ensuring its successful integration across the business.

Throughout this process we will use the test to establish a governance framework to oversee the AI implementation. This framework will define roles and responsibilities,

set guidelines for monitoring AI performance, and ensured proper use of the technology.

## Summarisation of Final decisions

We are currently working on summarising complex decisions with the aim of supporting LeO's publishing decisions agenda. This involves using a generative AI writing engine to deliver a first draft summary that can be checked and amended as required before potentially being published LeO. This test is in the early stages. We have tested the summarisation on a 7-page decision involving 4 heads of complaint. This summary was reviewed by an ombudsman, who provided promising feedback stating it was "surprisingly" accurate.

The ombudsman that carried out the human test of the summarisations stated *"if successful, the exercise will enable us to produce summaries of the most important points in ombudsman decisions in a very short time. although there is more testing to be done, the early indications are that the summaries will be concise, informative and clear. most of our final decisions are in long letters. publishing full decisions carries a heavy risk of the important details being lost. being able to condense large amounts of text into accessible detail that will be of practical use to our stakeholders would require substantial operational resource, even from the ombudsman author of the decision. any saving in that exercise is welcome and the initial exercises on the benefit of AI to this end have been encouraging."*

Our next steps involve developing the prompts further to test the summarisation capabilities on a more complex case, which is 40 pages long and includes 10 heads of complaint. This will help us establish the full capabilities of the writing engine. Based on the results of this test, we will determine the next steps for this initiative.

## Wider progress on Automation across LeO

Throughout its recovery LeO has automated where possible and significant automation is developed and implemented throughout our processes and ways of working.

The following list highlights some the automation projects already completed and an indication of those in process. Automation initiatives have been aimed at streamlining various processes and improving efficiency across the organisation. Key projects include:

- **Automated Reporting Q2 2024/25:** Implementing a strategic scorecard to streamline external reporting and ensure consistency. This reduces errors and removes administrative burden.
- **Automated Risk System Q1 2024/25:** Enhancing the risk management process to save time and improve efficiency.
- **Automated ID Checks Q3 2024/25:** Partnering with a third-party to automate ID checks, reducing HR administrative workload.

- **Email Bundling Automation Q2 2024/25:** Trailing the automation of email bundling, potentially saving 3 hours per investigation.
- **HR Cipher Improvements (multiple initiatives ongoing):** Introducing various enhancements to improve delivery and reporting efficiencies in HR.
- **Automated PDR Process Q4 2023/24:** Streamlining the Performance Development Review process.
- **Switching to an API link Q4 2024/25:** Transitioning from Robotic Process Automation to API to further reduce manual handling within General Enquiries.
- **Quality Framework in CMS Q2 2024/25:** Implementing a quality framework in the CMS to enhance usability and reporting.
- **Automated Annual Complaints Data Q3 2024/25:** Improving the granularity and frequency of complaints reporting.

These initiatives collectively aim to save time, reduce manual effort, and enhance the accuracy and efficiency of our processes.

## Risks and challenges

Integrating AI into LeO's processes presents several risks, including legal compliance with the Legal Services Act, job displacement concerns, maintaining the human touch in customer interactions, data privacy and security issues, limited resources, and short-term productivity impacts. To mitigate these, we are conducting a thorough legal review, engaging with GIAA, and planning a gradual rollout with comprehensive training and support.

Understanding the legal and practical implications will be a crucial step. We are reviewing all relevant provisions within LeO's legal framework including the Legal Service Act and Scheme Rules to ensure compliance with the act allowing for AI to complete tasks within LeO's process.

Alongside considering the question, below, of whether LeO should adopt AI within its processes we need to consider the question of whether it can do so. The day-to-day operation and remit of the Legal Ombudsman is governed by the Legal Services Act. We know, from previous discussions around issues such as outsourcing and wider delegation of ombudsman powers, that the Act can be unduly restrictive around innovative practices. There are several questions that we are assessing internally, and engaging on directly with GIAA, to understand how the proposed use of AI sits alongside the provisions of the Legal Services Act. Subject to the outcome of those discussions we hope that we will be able to deploy AI within the Act, alternatively we will work to understand what steps we need to take to ensure we are compliant with the legislation, or in a worst-case scenario pursue legislative change.

A risk associated with the use of AI in LeO is the fear among employees that AI might replace their jobs. This concern stems from the perception that AI can perform tasks more efficiently and cost-effectively than humans, potentially leading to job displacement.

Additionally, there are potential concerns more broadly from customers and others who rely on our service about the loss of human touch in customer interactions and

decision-making processes, as well as concerns about data privacy and security. To addressing these concerns LeO has taken a transparent communication approach, emphasising that AI is intended to augment human capabilities rather than replace them.

One of the primary challenges we face in delivering AI solutions is limited resources and capacity. This hinders our ability to fully develop, test, and implement AI systems effectively. With a small team and restricted budget, we may struggle to allocate sufficient time and expertise to each phase of the AI project. This may lead to delays, reduced quality of the AI solutions, and potential gaps in support. Additionally, limited resources might impact our ability to provide comprehensive training and support to employees, which is crucial for successful adoption and integration of AI. Addressing this challenge requires strategic planning, prioritisation, and seeking funding to bolster our capabilities.

A potential risk associated with implementing AI is the potential short-term impact on productivity. During the initial phases of integration, employees will need time to adapt to new systems and workflows, which can temporarily slow down operations. Additionally, there may be a learning curve as staff become familiar with the AI tools, requiring training and support that diverts resources from regular tasks. This adjustment period can lead to decreased efficiency and potential disruptions in daily activities. To mitigate this risk, we are planning a gradual rollout, plan to use operational resource to deliver comprehensive training, and ensure ongoing support to help employees transition smoothly and maintain productivity.

## **Next steps**

For use of AI writing engines in relation to service complaints and operations the key next steps are as follows:

- Establish a governance framework, identifying relevant laws and regulations to ensure AI systems are compliant. Set up metrics to monitor AI performance and accuracy. Develop policies to prevent misuse, including data privacy protocols and user access controls. This will include ensuring that we can implement in line with the limitations of the Legal Services Act.
- Continue the refinement in internal complaints, to deliver an AI writing engine that is fully tested in a live environment that is scalable into operations.
- Identify specific operational areas for AI integration, looking for areas where an AI writing engine can write draft letters from templates or notes, focusing on areas where AI can enhance, improve efficiency and augment users.
- Once identified areas are established conduct small-scale pilots in operations by starting with a small team to test AI solutions. This will allow for refinement and adjustments to the AI writing engine before a broader rollout.

For the summarisation project we will:

- Expand testing to more complex cases, this test will be conducted on a 40-page decision involving 10 heads of complaint to evaluate the writing engine's full capabilities. This will establish whether the full complexity range of LeO's cases can be summarised by an AI writing engine.
- Continued evaluation of results. This includes using Senior Ombudsman assessing the accuracy, clarity, and usefulness of the summaries across the range of LeO's cases.
- Based on the output of Ombudsman testing, LeO's executive decide on whether AI is viable for the summarisation initiative including determining legal, risk and governance considerations. These considerations will the establish if, how and when we will use Ai generated summaries.