

<b>Meeting</b>	OLC Board	<b>Agenda item Paper number</b>	3 132.2
<b>Date of meeting</b>	25 April 2024	<b>Time required</b>	15 minutes
<b>Title</b>	<b>Chief Ombudsman Executive Report</b>		
<b>Sponsor</b>	Paul McFadden, Chief Ombudsman		
<b>Status</b>	OFFICIAL		
<b>Executive summary</b>			
<p>2023/24 saw LeO deliver to the upper end of forecast ranges over the year, reducing customer journey times and the investigation queue and increasing the proportion of customers with complaints dealt with in under 90 days. Attrition and demand remain key risks to future performance outlook and overall risks related to backlog and performance trajectory, although the impact of both reduced in the second half of the year with a more positive trend.</p> <p>Emerging analysis for the quarter shows that we continue to deliver good performance on wider aspects of customer experience, including quality and customer satisfaction across most areas, although Board will note a dip in quality performance in investigations and that full data is either not yet available or subject to validation.</p> <p>LeO has continued to be proactive and engaged with a full range of stakeholders as we seek to raise LeO's profile and impact in the sector and deliver on our strategic aims to improve learning and insight and first tier complaints handling. This has included engagement with the LSB and regulators. Board will note LSB approval of the OLC Business Plan and Budget in March and the LSB's highlighting of key areas of focus and interest in respect of LeO going forward.</p> <p>From a finance perspective, budget and forecast management through the year has been effective with LeO ending the year with a budget variance underspend of only £3k which at -0.02% is well within the MOJ tolerance level.</p> <p>Progress on people-related priorities in 2023/24 is clear, including a recent full review of LeO's arrangements for engaging with Staff Councils and Staff Networks, although we remain focused on areas of improvement including feedback emerging from civil service people survey results.</p>			
<b>Recommendation or action required</b>			
The Board is asked to <b>Note</b> the report.			
<b>Equality, diversity and inclusion</b>			
<b>Does this paper have EDI implications?</b>		<b>Explanation</b>	
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 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>	
<b>Paragraph reference</b>	<b>Exemption and summary</b>
Paragraph on Edward House Lease negotiations under the enabler 'Value for Money, resources and governance'	<p>Reference to assessment of future accommodation options and negotiations related to Edward House.</p> <p>Section 43(2) exemption information on the basis that disclosure would, or would be likely to, prejudice commercial interests.</p>

## Performance against LeO's strategic objectives

### 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 Operational Performance

##### **Performance summary**

LeO finished 2023/24 strongly, with the second half of the year seeing the outlook shift following early year challenges and effective mitigations on changes to Scheme Rules, attrition and demand. LeO delivered higher than likely-case closure performance across the year alongside a further reduction in the investigation queue and customer journey times.

Closure performance exceeded likely ranges for Quarter 4, bringing the annual performance on resolved complaints to almost 8,000 resolved cases, at the upper end of forecast range.

The queue of people waiting for an investigation (Pre-Assessment Pool) saw an annual decrease of 26%. The PAP now sits at 3,376 customers, outside forecast range despite closure performance being at the upper end of ranges. This is primarily due to increased demand and attrition (and resulting reallocations) in the first half of the year.

##### **Demand for LeO's service remains high but is stabilising**

Demand stabilised towards the end of quarter 4 and annually LeO saw a 2% decrease in new complaints received compared with 2022/23. This was on top of a 6.4% increase in from 2021/22 to 2022/23 and longer term sustained increases. Quarter 4 in isolation saw a decrease of 15% on the same quarter year on year. Although demand remains a concern, this does give some confidence that scheme rule time limit changes are taking effect. Contacts saw a year-on-year increase of 13%.

LeO will continue to assess the demand trend into 2024/25 and work to understand the drivers and potential mitigations.

##### **Downward trend in attrition**

Reduced attrition has been a contributing factor to the performance outlook, with a sustained reduction over the last two quarters of 2023/24 and investigator attrition ending the year below likely-case assumption and at the lowest rate in recent

years. The OLC Board attrition workshop will highlight LeO's ongoing commitment to improving LeO's employee value proposition, staff engagement and people culture as drivers behind this, with recent changes to investigator working practices and induction and onboarding also helping to respond to challenges and feedback and deliver a positive workplace environment. With cautious optimism that this trend will continue into 2024/25, LeO is also ever alert to the continued risk of market forces beyond LeO's control.

### ***Delivering an efficient and proportionate service***

LeO is confident that performance levels will continue into 2024/25 but, in line with the 2024-27 aims, continues to explore a number of initiatives to increase efficiency and reduce the number of customers waiting and customer journey time.

The initial scoping and mapping stage of the lean process review completed in Quarter 4 as expected. This now moves to considerations and recommendations stage which will see us continue to work with key areas of the business to design and prepare for process changes.

A low complexity complaint pilot has continued to deliver promising results throughout Quarter 4, resolving 180 cases with an average investigation time of 38 days. The learning from this is being assessed and prepared for wider roll-out.

## **LeO Customer Experience**

### ***Customer journey time***

Customer journey time and wait times continued to reduce in 2023/24. Across all complaints LeO resolved in 2023/24, including early resolution and those investigated in full, 46% were resolved within 90 days, compared to less than 10% in 2021/22 before LeO's recovery.

For complaints resolved through early resolution, the average time of closure fell over 2023/24 from 68 days in April 2023 to 48 days at the end of March 2023/24. For customers needing a full investigation, journey times have reduced in the same period from 318 to 305, though this is still high as a result of historic cases closing and increasing the average time.

Further reductions in investigation customer journey and wait times remain a priority focus throughout the coming year.

### ***Quality and Service***

Performance against quality metrics was strong in all areas except in relation to cases resolved after an investigation (board should note that data for Q4 and the year remains subject to validation). The underlying themes continue to be delay, lack of progression and a lack of updates and some feedback around the style, tone and content of our customer communication. Work is ongoing across LeO to identify and address the drivers for delay and lack of progression in casework. Reviews have not identified a lack of fairness or cause to reopen any complaints even where the required standards have not been reached, providing assurance that the right outcomes have been reached. Work is ongoing to feed back and address learnings.

Although Quarter 4 results for end of process customer satisfaction surveying are not yet available, the results of surveys earlier in the process show improving satisfaction. Results for Quarter 3 showed consistent levels of satisfaction across all areas with the key driver remaining outcome of the investigation. An update on end of process Quarter 4 results will be provided for the OLC Board meeting in July.

The Service Complaints Adjudicator’s end of year report is presented to OLC Board and again highlights the high quality of reviews handled by the Service Complaints Team and LeO’s willingness to learn from and act upon findings to improve standards of process and casework.

The first stage of the review of LeO’s quality assurance framework is nearing a conclusion with the new framework scheduled to be in place in Quarter 2. The aim is the development of a proportionate and risk-based approach to assurance around LeO’s service and output standards whilst also providing improved reporting of themes, trends and areas of risk. Although the metrics will remain as currently reported, the framework will provide scope for more granular insight into casework and greater scope for increased agility and the ability to undertake focused quality reviews based on areas of risk. Stage two of the review, which will focus on customer satisfaction, is scheduled to complete in Quarter two. Separately, over the course of the coming year, we will be working with the Service Complaint Adjudicator to undertake a full review of our approach to service complaints.

***Implementation of new Scheme Rules***

The time limit discretion check challenges earlier in the year have been successfully cleared with temporary shifts in resource now reverted. The bulk of new complaints received by LeO in Quarter 4 are now all within LeO’s new time limits and do not require discretion to be considered. No increase has been seen in the number of discretion requests received through other customer channels but we will continue to monitor for any increase and ensure that plans are in place to ensure fair access and to cope with any increase.

March saw the first effects of other Scheme Rules changes with the first cases being applied using scheme rule 5.19/5.20 to resolve cases on the basis of investigator case decision, minimising the requirement for a full additional final Ombudsman decision. The numbers are still relatively small so it is too early to reflect on the positive impacts of performance and timeliness, but an increase in these types of closures is expected and we will continue to monitor this flow of work. As with time limit changes, LeO is taking a robust approach, ensuring fairness and consistency in their application.

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

Relevant strategic risks and issues	N/A For inclusion on 2024/25 strategic risk register

LeO has continued to identify opportunities for strategic stakeholder engagement and to deliver its existing programme of learning opportunities, while progressing plans to grow learning and insight resource following the Legal Service Board's (LSB's) approval of the 2024/25 business plan and budget.

### **Sector-wide and LSB engagement**

In February the Chief Ombudsman attended an LSB 'coalition of stakeholders' meeting focused on the LSB's first-tier complaint handling consultation. The Chief Ombudsman has continued separate discussion with the LSB to underline LeO's commitment to this work and on alignment between the LSB's now-published framework and LeO's own strategic aim to inform improvements to legal providers' complaints handling.

In March the OLC Chair chaired the LSB's Reshaping Legal Services conference with the Chief Ombudsman attending alongside a visible wider LeO presence. The conference focused on ethics and trust, understanding consumer needs, and preparing for future challenges such as those presented by AI. It was a valuable opportunity to engage with a diversity of stakeholders and maintain and raise LeO's profile as a key actor in the sector.

Following LSB approval of the Business Plan and Budget in March, the LSB Chair wrote to the OLC Chair setting out the LSB's areas of focus and interest in respect of LeO going forward, which included:

- Considering a trajectory for LeO applying to become an ADR entity as set out in the ADR for Consumer Disputes (Competent Authorities and Information) Regulations 2015;
- Giving LSB sight of any medium-term financial plans (3-5 years);
- Measuring the impact of LeO's learning and insight and the value of the additional resource requested;
- Improving the visibility of lessons to be learned from complaint outcomes, to support raising standards in the sector – including increasing transparency via an established timetable for publishing decisions or other means that achieve the same aim.

These areas will be a future focus for discussion with the LSB and the OLC Chair and Chief Ombudsman are giving consideration to how the Executive can inform and assure Board on plans and progress in these areas.

The LSB Chair's public [post-Board meeting blog](#) reflected that: *"... We discussed the increasing demand for [LeO's] services and the improvement in response time. We also discussed how greater use of technology could help to manage the caseload and the value complaints data can provide to the improvement of legal services. We are pleased to see that they are poised to take forward their plans to explore the use of complaints data to improve insight and learning across the sector."*

### **Engagement with approved regulators**

LeO has continued to see proactive engagement from the SRA on both strategic and operational matters. LeO and the SRA have been in regular contact about the

failure of law firm SSB, which has left clients liable for costs of cases that were initially taken on on a no-win-no-fee basis. LeO is continuing to accept cases about SSB, but conversations are ongoing with the SRA to understand whether any financial remedy will ultimately be recoverable. The LSB has now brought the SSB issue within the scope of its existing investigation into the SRA's response to the failure of Axiom Ince. Relatedly, in April the Chief Ombudsman met the SRA Chief Executive to discuss the SRA's own review of consumer protection and LeO's contribution to this work (see also the Horizon Scan).

The Head of Communications, Engagement and Impact and EDI Manager also attended an SRA workshop on defining and measuring vulnerability; the SRA delivered the findings of its a consumer segmentation research to LeO colleagues; and LeO shared insights into complaints about wills and probate to inform an SRA thematic review.

The OLC and LeO facilitated a visit to Edward House from the Chair and Finance Director of the CLC, focused on clarifying the conclusions that can be drawn from complaints data that has historically been shared with CLC at an operational level. LeO will be reviewing the data it routinely shares with regulators going forward to ensure it enables a robust and sophisticated understanding of the drivers and outcomes of complaints referred to LeO. Further and ongoing discussions are also being scheduled with the CLC around how we can best collaborate to provide suitable insight and data and inform sector learning and improvement.

### ***LeO-driven engagement***

Following the LSB's approval of the Business Plan and Budget for 2024/25, the final strategy and business plan documents were published. Embargoed copies of both documents were provided to LeO's main media contacts, emails sent to Chief Executives and Chairs of regulators and professional bodies, as well as to consumer bodies, and an OLC Chair's blog was published on LeO's website. There has been limited and neutral coverage, with content of both documents previously picked up by trade media following the publication of the LSB's meeting papers.

LeO has delivered further webinars for legal providers, including well-attended general and area-of-law specific sessions covering areas such as remedies, costs, and family law, wills and probate. LeO is analysing both delegate feedback and attendance to feed into the development of its future programme.

In February LeO ran a further meeting of its Challenge and Advisory Group, at which we updated members on the feedback received to, and emerging final versions of, the 2024/25 business plan and budget and future strategy. Comments from the group recognised the progress LeO has continued to make and support for its dual strategic focus. Recognising the Challenge and Advisory Group's terms of reference were set in the early stages of LeO's recovery, we invited members' reflections on its utility to inform the future evolution of our engagement forums and channels. The positive feedback underscored the centrality and ongoing importance of LeO's collaborative and transparent approach.

**Strategy delivery: resource planning and internal engagement**

Following the approval of the business plan and budget, the Executive have continued to progress plans to increase LeO’s capacity to deliver its strategic ambitions for LeO’s impact. This includes finalising recruitment to priority outward-facing roles and proposals for additional Ombudsman resource to be seconded to this programme, to help ensure LeO’s learning and insight work is underpinned by robust casework expertise on a sustainable and stable basis.

Earlier in April LeO ran a workshop including Operations Managers and Executive Team members on potential solutions to further reduce LeO’s investigation queue through efficiencies and working with the sector to manage and reduce demand. This considered engagement levers – including tailored interventions with specific providers and escalating persistent issues of concern to regulators and the LSB.

Later in April the Head of Operations and Head of Communications, Engagement and Impact are facilitating a workshop for ombudsmen and investigators, focused on interrogating the newly-finalised 2023/24 complaints data and generating actionable insights around what needs to change in legal providers’ service provision and complaints handling. The outputs will provide an important basis for LeO’s learning and insight programme in 2024/25 and baseline for its work over the strategy. Although the data needs to be seen in the context of a changing make-up of complaints being investigated, the headlines are that LeO found evidence of poor service in 69% of complaints it investigated (65% in 2022/23 and 57% in 2021/22) and evidence of poor complaints handling in 46% (45% in 2033/23 and 38% in 2021/22).

**Updates on strategic enablers and supporting strategies**

**People and culture**

Strategies relevant to update	People and EDI
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**LeO’s People Strategy**

Good progress has been made across a range of people-related priorities in 2023/24, forming a sound foundation on which to build in 2024/25. The new 2024-27 People Strategy has been aligned to the OLC’s 3-year strategy for LeO and EDI strategy. The new strategy retains the four key themes of: Attract, recruit and retain; develop and support; promote engagement, equality, inclusion and wellbeing; and deliver responsive HR services. It continues to build on the progress made on people-related activity to date, continuing our journey to becoming an employer of choice, but maintains a focus on our key people-related strategic risks: the need to reduce attrition and to attract and retain highly skilled and motivated people across all areas of the business. The new strategy outlines our current and future ambitions over the 3-year period and introduces new work streams in the following areas:

- Workforce planning
- Future ways of working strategy

- Management of skills gaps, capacity and resource implications resulting from changes in technology and/or the annual workforce planning process
- Development of an apprenticeship framework.

A set of deliverables for 2024/25 have been developed across the four key themes to drive people priorities over the year, which will be subject to regular review by the Executive Team, Programme Board and RemCo.

### ***People performance***

The balanced scorecard provides an update on key people indicators. This shows a welcome sustained improving picture on attrition which has brought reduced scores for attrition-related strategic issues (SI02 and SI03) to 12 and 20 respectively.

Attrition continues to be a key priority in the new 2024-27 People Strategy. The 2024-25 deliverables contain a focus on attraction and retention strategy, development of a new EVP and improved development opportunities and career progression. Following the Executive's strategic workshop in January further work was undertaken on exploring potential causes and mitigating actions across a wide range of areas both within and outside control and these will form the focus of today's Board workshop.

Sickness absence levels also reduced in Quarter 4 with the main reason for sickness absence continuing to be mental health, although, there has been a significant fall in the number of days lost due to mental health-related absence over Quarter 4, from 30.5% to 14%.

### ***Engagement with LeO's people***

Following completion of the detailed review of LeO's Staff Council and Networks, the new-look Staff Council has now been launched and will shortly be in place following elections for areas where there were multiple candidates. A lead representative will be elected by the new Staff Council in due course.

Detailed analysis of the 2023 People Survey has been completed and shared with at the March meeting of RemCo. The findings have been shared with colleagues and, as was the case last year, 'safe space' meetings will be taking place with networks in April to explore further the experiences of staff with protected characteristics and caring responsibilities. Manager-led sessions with individual teams will also be held in early May to obtain further feedback/insights. Findings will inform the 2024-25 People Strategy deliverables and ED&I Strategy and action planning where applicable.

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

A reasonable adjustments policy for LeO employees was rolled out in quarter 4 with associated training provided for line managers. Vulnerable Customer

Champion training was also delivered for team leaders, GET staff, and members of the Service Improvement Team.

All remaining deliverables in the 2023/24 EDI action plan were completed as scheduled.

A successful LGBTQ+ history month event was held in Quarter 4 involving colleagues across all LeO locations. We also celebrated Race Equality week with a range of activities for colleagues could get involved in. Finally, we celebrated International Women’s Day with an in-office event organised by our Women's network.

**Relationships and collaboration**

Strategies relevant to update	Knowledge and insight (in development)
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There remains a growing appetite amongst a wide range of stakeholders, including regulators and the LSB, for LeO’s independent insight to contribute to strategic programmes of work. As part of its 2024/25 programme, LeO will build on the stakeholder mapping completed in 2023/24 to evolve and enhance the forums and channels it uses to engage with stakeholders at both an operational and strategic level.

The internal investigation queue-focused workshop, together with the planned workshop on the drivers of complaints being referred to LeO, underscore the inherent link between the new strategic objectives for LeO’s service and impact – and are important signals about the internal relationships and collaboration LeO will need to grow going forward.

**Systems and intelligence**

Strategies relevant to update	Technology and innovation (in development), knowledge and insight (in development)
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LeO’s technology focus throughout Quarter 4 has been on infrastructure upgrades to improve and futureproof the underlying architecture on which LeO’s systems run. Quarter 4 saw an upgrade to our SharePoint systems for file storage. This moves LeO to a fully online system, removing the need for onsite data storage and making shared systems more secure. We have also implemented upgrades to the platform on which our web services are delivered, such as our customer application tool. Upgrading this system will give us enhanced functionality to build future web-based solutions.

As these complex projects come to completion throughout Quarter 1 2024/25, focus will shift to the discovery phase of LeO’s Automation and AI project. This project aims to further implement automation at key points in LeO’s process and identify, test and deliver targeted technology solutions to drive efficiency and, potentially, learning and insight initiatives such as publication, redaction or summary of LeO’s decisions.

**Value for Money, resources and governance**

Strategies relevant to update

Future ways of working

**2023/24 Budget Position**

The budget variance for 2023/24 was an underspend of £3k which at -0.02% is well within the MOJ tolerance level. As we have a shortfall on the lease dilapidation provision, we used £166k to reduce the deficit resulting in an even year-end spend position.

To reach this position, the Executive monitored and implemented mitigating action throughout the year in a timely way to address underspend challenges, including attrition and a number of unforeseen variables in both spend and income.

**Risk Management, Audit and Governance**

The Executive continue to reviewed and monitor strategic risks and issues on a regular basis. The January ARAC meeting focused on the overall scoring of risks and issues, and whether the target scorings and risk tolerance positions currently in place are realistic. The Executive have since followed up on Board input. A review of the current risk tolerance process, risk and issues descriptions, optimal positions and risk appetite discussions has taken place with a revised approach for reporting risks and issues being implemented for 2024/2025. This will be presented at the May ARAC meeting.

Quarter 4 saw a reduction in scoring for both strategic issues relating to attrition and staff retention. The strategic risk on future accommodation has also seen a reduction in scoring as a result of significant n progress with new lease negotiations and protection LeO has asserted under the landlord and tenancy act.

The 2023/24 GIAA Audit Plan has concluded with the final audit on Customer Satisfaction receiving a Moderate opinion with seven recommendations, two medium and five low priority recommendations. The 2024/25 GIAA Audit Plan has been developed by GIAA in consultation with the OLC Chair, Chair of ARAC and Chief Ombudsman. This will be considered for approval by ARAC at the meeting in May, with an internal audit on Coporate Governance due to commence in Quarter 1.

**Accommodation and Future Ways of Working**

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