

Meeting	OLC Board Meeting	Agenda Item Paper No.	12 132.10
Date of meeting	25 April 2024	Time required	15 mins

Title	Board effectiveness update
Sponsor	OLC Chair
Status	OFFICIAL

<p>Executive summary</p> <p>The OLC Board actively considers its Board effectiveness on an annual basis. At its last update in April 2023, it particularly focused on themes emerging from the Board’s annual appraisals along with recognising the importance of the externally commissioned Board effectiveness review.</p> <p>Since May 2023 the Board has continued to recognise the importance of its own development alongside demonstrating a commitment to improving its effectiveness. Key actions have included Annual Reviews with each Board member; effectiveness questions being asked at the end of each Board meeting; Committee effectiveness reviews (which have now been carried out for both ARAC and RemCom) and an Action Plan being developed in the light of the recommendations from the externally commissioned Board Effectiveness Review.</p> <p>For completeness, this update seeks to draw together relevant progress. This particularly focuses on the themes emerging from the Board’s annual appraisals.</p> <p>A provisional schedule for Board effectiveness in 2024/25 will be shared following Board discussions and will dovetail with the action plan which has resulted from the externally commissioned Board Effectiveness Review (included as Annex One).</p> <p>In terms of Board appraisals:</p> <ul style="list-style-type: none"> - What continues to clearly emerge is the picture of an evolving Board. This is a Board that has continued to oversee improvement, both within the Legal Ombudsman scheme – there is universal support for how much has been done - and within itself. - It has demonstrated real self-awareness, occupying the more strategic and oversight space and not “getting caught in the weeds so much”. - Board members are clear about LeO’s Business Plan aims and how well LeO is doing in achieving these outcomes. They are also now clear about the OLC’s new Strategy for LeO and looking forward to the shifting focus that this requires on to looking at impact and feedback to the sector and the potential impact on the quality of first tier complaint handling. - The overall message is that “the Board is very different to the one I joined” combined with “progress has been so marked” and that the time is therefore right to continue to evolve. <p>In last year’s Board effectiveness review, a theme emerged over the balance across what is considered by the full Board, what is considered by one of the Board’s Sub Groups/Committees and what is considered out of Committee. This was reiterated by the External Effectiveness Review and has resulted this year in a formal written update from each</p>

<p>Committee to the Board, setting out what decisions have been made and moving away from a reliance solely on Committee minutes.</p> <p>In terms of points for learning and future reflection:</p> <p>There are four areas which will be specifically added to the schedule for Board effectiveness/ Action Plan this year:</p> <ul style="list-style-type: none"> - Continuing to ensure the Board has a clear understanding of LeO's end product, including the renewed focus on feedback and the new Strategy: - Continuing to ensure the Board has appropriate access to LeO staff. - Continuing to ensure new Board members are supported and so that the Board can re-establish and re-group as a new Board. - Ensuring the Board is aware of the specific and changing nature of the MoJ and LSB relationship and the constraints around this. 	
Recommendation/action required	
Board is asked to note this update	
Equality Diversity and Inclusion	
EDI implications	Yes
The OLC remains deeply committed to EDI and has considered EDI throughout its own review of its Board effectiveness. This is particularly the case in the Board annual reviews. In addition, in keeping with the Legal Ombudsman's commitment to inclusivity, these paper will be published on its website at a future date.	
Freedom of Information Act 2000 (Fol)	
Paragraph reference	Fol exemption and summary
N/A	N/A

Board Effectiveness Update

1. Introduction

- 1.1 The OLC Board actively considers its Board effectiveness on an annual basis. At its last update in April 2023, it particularly focused on themes emerging from the Board's annual appraisals along with recognising the importance of the externally commissioned Board effectiveness review.
- 1.2 Since May 2023 the Board has continued to recognise the importance of its own development alongside demonstrating a commitment to improving its effectiveness. Key actions have included Annual Reviews with each Board member; effectiveness questions being asked at the end of each Board meeting; Committee effectiveness reviews (which have now been carried out for both ARAC and RemCom) and an Action Plan being developed in the light of the recommendations from the externally commissioned Board Effectiveness Review.
- 1.3 For completeness, this update seeks to draw together relevant progress. This particularly focuses on the themes emerging from the Board's annual appraisals.
- 1.4 A provisional schedule for Board effectiveness in 2024/25 will be shared following Board discussions and will dovetail with the action plan which has resulted from the externally commissioned Board Effectiveness Review (included as Annex One).

2. Board appraisals

- 2.1 Annual Board reviews were carried out from January to March 2024 and have subsequently been shared with individual Board members and the LSB. A key part of the review is asking Board members to complete a self-appraisal form in advance of the appraisal meeting. In the past these forms have focused on the Board development issues that were first identified over three years ago, including: Collegiate working; Board behaviour and self-discipline; Supporting the Non-Exec/Exec distinction; Working together with other Board members.
- 2.2 Last year these headings were reviewed, reflecting how the OLC has moved on as a Board; those likely to form the basis of the externally commissioned Board effectiveness evaluation; and MoJ guidance on this area.

Accordingly feedback was collated on:

- (i) Board foundations (including what the OLC is seeking to achieve; knowing how well LeO is doing in achieving intended outcomes; and Board Committees and Sub Groups).

- (ii) Board role and focus (including Board dynamic and culture; interactions with the Executive; taking collective responsibility for Board decisions; and the emphasis on EDI).
- (iii) Board decision-making (including balancing a focus on immediate issues and long-term success; quality of discussions around individual proposals; and using the available information).
- (iv) Additional comments (including personal value and commitment to the 12 principles of governance and the Nolan principles of public life).

2.3 Feedback against each of these four areas is included below:

Board foundations

- 2.4 What continues to clearly emerge is the picture of an evolving Board. This is a Board that has continued to oversee improvement, both within the Legal Ombudsman scheme – there is universal support for how much has been done - and within itself. It has demonstrated real self-awareness, occupying the more strategic and oversight space and not “getting caught in the weeds so much”. This has resulted in a review of the Board Forward Plan and redesigning Board meeting agendas around strategic items so that the Board spends less time on performance detail and transitions to a strategy, oversight and assurance mindset. It has also included moving to a single performance report including a dashboard that contains all performance indicators that should be in view of the Board and rationalising the extent of supporting information provided with a focus on providing assurance improvement actions where underperforming.
- 2.5 Board members are clear about LeO’s Business Plan aims and how well LeO is doing in achieving these outcomes. They are also now clear about the OLC’s new Strategy for LeO and looking forward to the shifting focus that this requires on to looking at impact and feedback to the sector and the potential impact on the quality of first tier complaint handling.
- 2.6 In last year’s Board effectiveness review, a theme emerged over the balance across what is considered by the full Board, what is considered by one of the Board’s Sub Groups/Committees and what is considered out of Committee. This was reiterated by the External Effectiveness Review and has resulted this year in a formal written update from each Committee to the Board, setting out what decisions have been made and moving away from a reliance solely on Committee minutes.
- 2.7 There is an acknowledgement that further work is needed on the area of cementing Board ownership of risk – and a risk workshop is planned on this during the summer - but the main risks are now included at every meeting in the Chief Ombudsman’s report and therefore in every single performance report.
- 2.8 The overall message is that “the Board is very different to the one I joined” combined with “progress has been so marked” and that the time is therefore right to continue to evolve.

“I think this has been another really successful year in terms of improving performance and improving relations with the LSB and MoJ”.

“I have always invested heavily in relationships with partners, especially important in developing strategic alliances to improve sector performance and I have this front of mind participating in planning and decision making”.

“LeO has developed its thinking about forecasting and business planning, with input from the Board and the Performance Sub Group, with the result that forecasting has improved significantly over the past 18 months. The increased understanding of factors influencing performance has enabled LeO to address key inputs and variables as best possible, given market environment and external constraints”.

“I am very clear on what the OLC is trying to achieve and have contributed to work on the Board taking a more strategic approach and enabling the Executive in preparing to step up a level to better occupy the full Executive space. The improvements in operational performance have provided a good foundation for this change and it offers exciting opportunities for both individuals and the organisation as a whole to lift the gaze and look further forward”.

Board Roles and Focus

- 2.9 What’s clear is how much the Board enjoys coming together and their shared commitment to undertaking further developmental work together with the Board and Executive. This has included a recalibrated induction session for the new Board member, opened to all members; timely use of Board workshops to focus on complex areas eg. attrition, in more detail; spending time at the beginning of the year to think about the type of Board we want to be; recognising the Board responsibility for shaping the culture and ways of working that will be needed to support delivery of the strategy.
- 2.9 Collective decision-making is embraced by the OLC. There is good self-discipline around the need to voice areas of disagreement and diversity but, provided the process allows for such questioning, Board members are supportive of decisions reached.
- 2.10 The Board’s tangible commitment to EDI has remained. As has its commitment to ensuring this lies beyond the sole responsibility of the EDI Board Sponsor, and this continued to feature in all review discussions. But there is a clear message that ‘we can always do more’.

“...any EDI considerations in Board papers are fully considered and discussed. I have stressed the importance of collecting effective data on service users and staff. We have made some progress in respect of staff data but service user data is still poor”.

“The appointment of Mark as EDI manager has ensured that EDI has remained an organisational priority and progress against the streamlined EDI strategy is going well”.

“I have also continued to be an advocate for clarity between the role of the executive and the Board. I am really pleased that the Board is beginning to trust more in its governance structures and move away from the desire to escalate everything to the Board”.

“I have also responded to request for feedback/input from several Executive members and had positive discussions. I bring a collaborative mindset to the role and whilst recognising the importance of holding to account, my approach is to be supportive, not confrontational, without shying away from challenge when appropriate. I am clear that as a Board member, I am part of the collective responsibility for Board decision making, and if I disagree with an approach or decision, I will make my case at the meetings, but accept and own the final decision, even if it is not the one that I advocated”.

“There is a clear and consistent emphasis on EDI in Board discussions and decisions. I have felt able explore this issue in relation to meeting the needs of diverse consumers, and when I have raised this in discussions, I have always found Board colleagues to be open and receptive to this topic”.

Board Decision Making

- 2.11 Board members are willing to put a different view and the Board consists of some collaborative listeners, who understand context and take a step back. There is respect for everyone’s role.
- 2.13 The Board is mindful that we have spent sufficient time on Strategy this year. The Strategy has given them the opportunity to develop their understanding and proves that they are also alert to the need to continue to be courageous and ambitious. They are also alert to the fact that to do this the data the Board sees will need to change.

“The Board should always be focussed on LeO’s strategic objectives and I do believe that it’s the case at OLC. Data has been at the heart of analysing and understanding the progress that LeO had made over the past 18 months”.

“I think that the major performance challenges that LeO has been facing over a protracted period has inevitably and rightly resulted in an urgent focus and detailed attention on operational issues and performance data. However, the significant improvement in performance, combined with the increased stakeholder confidence in LeO and the consistent strong leadership of the organisation means that the Board’s role is in transition”.

“...at the moment we consider too many indicators as a Board and we need to collectively support reviewing performance via a Scorecard, which should be a key subset of all of the indicators currently reviewed as part of the Commonly Agreed Dataset”.

“In my time on the Board I have developed trust in the judgment and decisions made by Board colleagues. This facilitates collective responsibility for Board decisions”.

“We do receive lot of information, lot of explaining but little narrative and that makes them less sharp and sometimes confusing”.

Additional comments

- 2.14 In person meetings have been welcomed and have presented the Board with an opportunity to better understand what each can contribute, including valuing the importance of bringing together those who don't have an Ombudsman background with those who do. Face to face Board meetings have been well supplemented by workshops and seminars, which have the added advantage of enabling the Board to spend dedicated time with each other on a focused issue.

“I am pleased to feel that I am leaving LeO at a time when its performance is in a better place than when I joined and hope that I have played my part in contributing to that. I have confidence in both our Chief Ombudsman and Board Chair and hope that the positive journey continues.”

Points for learning and future reflection

- 2.15 There are four areas which will be specifically added to the schedule for Board effectiveness/ Action Plan this year:

- Continuing to ensure the Board has a clear understanding of LeO's end product, including the renewed focus on feedback and the new Strategy:

“I would like to follow a LeO case from inception through to completion”.

- Continuing to ensure the Board has appropriate access to LeO staff.:

“I have maximised the opportunities offered to interact with staff across the organisation and enjoy feeling better connected to the organisation. Board meetings are only a part of the role, so I welcome interaction opportunities outside the formal meetings – that is why I believe physical presence is important to maximise such opportunities”.

- Continuing to ensure new Board members are supported and so that the Board can re-establish and re-group as a new Board.
- Ensuring the Board is aware of the specific and changing nature of the MoJ and LSB relationship and the constraints around this.

“Getting a better understanding of the restrictions we have as an ALB of MoJ and what are the routes available for us to escalate matters which could cause us major risk”.

3. Board effectiveness review

3.1 Best practice suggests that Board’s carry out an externally delivered Board effectiveness review every three years. In keeping with best practice the Board has externally commissioned a Board effectiveness review in 2022.. This was awarded to Campbell Tickell and started early in 2023. The main facets of this included:

- Desktop review of key documents to build an initial picture of the effectiveness of the Board and to understand whether documents and practices align with standards of good practice.
- Survey and interview of all Board members to gather insights, emerging areas of interest or gaps in understanding.
- Focus group/ meetings with Executive members to gather their perspectives.
- Meeting observation to offer a view on the exercise of skills in practice, the quality of discussions and interaction, and boardroom culture and behaviours.

3.2 A full report was considered by the OLC Board at its July 2023 Board meeting. An action plan has been developed and agreed following the receipt of the report and has been diligently implemented throughout the remaining part of 2023/24.

3.3 The action plan is included as Annex One.

4. Conclusion

4.1 This external Board effectiveness review is a central, but not the only, plank of the Board’s commitment to its own ongoing evolution and change. This is set to continue throughout 2024/25, building on the facets set out in this paper.

Board Effectiveness 2023 to 2024

Action Plan

In line with the recommendations made by Campbell Tickell following an external Board effectiveness review in 2023, the following action plan has been developed.

Item No.	Action	Responsibility	Timescale	Update in Sept. 2023	Update in April 2024
	Schedule dedicated Board development time to discuss Board dynamics, ways of working and expectations with a strong focus on how the Board elevates its focus to be more strategic and to explore how individuals contribute to the collective endeavour (this might include psychometric work).	OLC Chair	Ongoing	September's workshop will include a specific session on what is meant by becoming a more Strategic Board including what might be included within a single performance report. Crucially this focuses on co-production and co-delivery of each of the sessions across the Non-Executives and Executives.	This has been a constant feature of recent Board meetings, including reviewing what a new integrated performance report might look like and reviewing all other papers.
	Schedule some informal time together to explore new perspectives on ways of working.	OLC Chair	Ongoing	This was offered in advance of September's workshop – the night before? Plans for a Christmas 'do'?	The first Board meeting of the year allowed some time for the Non-Executives to consider: What type of Board do we want to be? Whilst there was not sufficient time to organise anything over Christmas opportunities will be sought for the summer.
	Schedule dedicated workshop time for the Board and Executive to consider the	OLC Chair	September 2023	September's workshop will include a specific session on what is	This received attention at September's workshop and since.

	outcomes of the Board effectiveness review and how they will work together differently to shape the culture and ways of working needed to support the delivery of the 2024/27 OLC Strategy.			meant by becoming a more Strategic Board including what might be included within a single performance report.	
	<p>Review the Board forward plan and redesign Board meeting agendas to ensure that:</p> <ul style="list-style-type: none"> • The Board spends more time on strategic items and less time on performance detail and straightforward matters. • Strategic and experiencing LeO items are discussed before moving to operational oversight. • Regular Board sessions on risk and risk assurance were introduced for the Board to review the top 10-12 risks and how they were being managed. • The length of Board meetings was 	<p>OLC Chair Kay Kershaw</p>	Ongoing	To discuss in September.	Further consideration is being given to the focus of the meetings around risk but otherwise agendas have been reviewed and changed accordingly.

	reduced where possible.				
	<p>Redesign Board reporting to:</p> <ul style="list-style-type: none"> • Incorporate minor reporting into the Chief Ombudsman report; • Move to a single performance report incorporating a dashboard that contains all performance indicators that should be in view of the Board. • Rationalise the extent of supporting information provided to the Board. • Simplify the Board action log. 	<p>OLC Chair Kay Kershaw</p>	Ongoing	<p>September's workshop will include a specific session on what is meant by becoming a more Strategic Board including what might be included within a single performance report.</p> <p>Board action log has already been simplified and received positive feedback.</p>	<p>All now completed and being trailed (so it is expected that this will be an evolving picture.</p> <p>In addition the three questions posed at the end of the meeting are now answered by an NEM and an Executive Member and reflect the more Strategic focus of the meetings:</p> <ol style="list-style-type: none"> 1. Which session has worked particularly well <u>strategically</u> during the Board meeting and why? 2. Which paper was particularly useful <u>strategically</u> and why? 3. Where would you suggest there is learning and value in doing things differently in the future <u>and in order to occupy more strategic space?</u>
	Clarify the hierarchy of oversight provided by the Board, committees and	<p>OLC Chair Kay Kershaw</p>	Ongoing		A Board written report has now been produced by each Board Committee, offering a timely

	Executive Team to ensure that the performance information reviewed at each level is aligned to roles.				summary of the key issues delegated.
	Strengthen risk reporting to Board and ARAC by providing regular information on key controls, assurance and future actions for each of the strategic risks.	Hari Punchihewa	Ongoing	OLC Chair to discuss with Chair of ARAC.	Further consideration is being given to the focus of the meetings around risk which is now being covered consistently by as part of the Chief Ombudsman's report and further thought will be given as part of July's Risk Workshop.
	Improve communications between Committee Chairs and the Board by introducing a model of alert/assure/advise to highlight issues of concern and provide assurance.	Committee Chairs Kay Kershaw	By end of 2023	Discuss with Board Governance Manager to ensure revised approach is include on Committee Agenda along with Committee Chairs	Now completed.
	Consolidate the documents setting out the roles and responsibilities of the Board and its committees into a governance handbook.	Laura Stropollo	By end of 2023	OLC Chair to discuss with Laura at next catch up.	Being addressed as part of annual review of Governance documents.
	Develop a Board Terms of Reference	Laura Stropollo	By end of 2023	OLC Chair to discuss with Laura at next catch up.	Being addressed as part of annual review of Governance documents.
	Explicitly set out the matters reserved to the Board in a single document separate from delegations schedule.	Laura Stropollo	By end of 2023	OLC Chair to discuss with Laura at next catch up.	Being addressed as part of annual review of Governance documents.

	<p>In considering sustainability of performance address succession planning of the Chair and the Chief Ombudsman.</p>	<p>OLC Chair</p>	<p>Ongoing</p>	<p>Plan developed with LSB on succession planning for the Chair. CO's role description updated and reviewed as part of salary benchmarking; future salary reviewed by OLC's RemCo to ensure salary is both fair for incumbent and pitched at right level within a future recruitment market.</p>	<p>Discussed regularly in the private meetings with the NEMs; in the meetings with the CO; and as part of the NEM annual reviews.</p> <p>CO's role description updated and salary has been benchmarked and agreed with RemCo. Route forward has now been agreed with the MoJ and with the CO.</p>
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