

Dr Helen Phillips  
By email

16 June 2022

Dear Helen

The OLC Board met at the end of May. Whilst we received verbal updates for May, alongside the April figures, the full and verified May figures were not then available. This information has since been shared with the full Board, showing that LeO closed 811 cases, the second highest in-month performance for customer outcomes since modernising LeO in 2018.

Whilst April's Board meeting was dedicated to the Scheme Rules review, May's meeting saw the Board approving the submission which has subsequently been shared with the LSB. The meeting was shorter than normal but in keeping with previous formats, this letter focuses on:

1. Performance improvement including responding to COVID-19
2. People and Leadership
3. Risk management and financial governance
4. Enhanced public reporting

For each section it sets out the assurance received to date by the OLC Board along with the additional assurance being sought through further actions, many of which are already in hand.

### **Performance improvement including responding to COVID-19**

*The overview: At 811 closures, May was the second highest performance for customer outcomes since modernising LeO in 2018 (March 2022 was the highest with 852 closures). LeO's organisational focus on early resolution and proportionality delivered the highest amount of early closures recorded with 459 customers helped. The PAP has now been reduced for the fourth month in a row and, when performance is compared to the same period last year, it represents a 58% increase. This reinforces that LeO is in much stronger position in the first quarter of 2022/23 and is set to deliver its first quarterly performance target.*

#### Assurances received:

1. At the end of the second month of the first quarter LeO continues with its strong start to the year:
  - a. LeO closed 811 cases in May against a Business Plan target of 788.
  - b. The PAP has reduced again for the fourth month in a row to 5,301. This is 8.5% ahead of the 5,793 Business Plan target which puts LeO ahead of its forecast year end position.
  - c. In May 2021 LeO delivered 511 closures (including 53 early closures) with 90.57 established investigators; May 2022 represents a 58% increase in outcomes on the same month last year, delivered through just 47.21 established investigators.
  - d. The Front End Team (FET) and other early closure initiatives, achieved a total of 459 and again outperformed an already ambitious target by 70%

- e. Early resolution customers continue to experience substantial reductions in total journey time – 37 days from the point LeO receives all paperwork.
2. The Board was assured that the quality of decision-making is being sufficiently monitored and achieved, noting that the key focus for the Quality team over the next quarter will be developing a framework that provides assurance around quality related to front end initiatives.
3. Confidence that the 2022/23 targets will be achieved stems from a number of performance developments including the full incorporation of new ways of working into business as usual; improvements in LeO's forecast setting; and the agile deployment of LeO's Operational colleagues to meet customer needs.
4. The Service Complaints Adjudicator's Annual Report reflected positively on the way the internal service complaints team handle service complaints and how learning from service failings is fed back into the business; the team is making steady progress in reducing the number of customers waiting for their service complaint to be investigated and wait times for these investigations are starting to reduce; although LeO continues to receive around eight new service complaints each month the proportion of those that need to be escalated through the service complaints process is very low.
5. LeO met with OLC Board Members at an extraordinary meeting on 27 April to discuss the responses to the consultation on Scheme Rules and agree what changes would be pursued. The OLC Board sought a range of assurances around how LeO would ensure that the proposed rules would be applied fairly and consistently, asking that a reporting framework is established to provide ongoing assurance around the impacts of the changes once implemented. On this basis at its May meeting the Board approved the submission to the LSB.

#### Additional assurances being sought

1. Quality was a consistent theme across a number of papers. Quality and customer satisfaction reporting shows broadly stable performance against the key metrics whilst internal quality reviews continue to identify instances of delay, lack of progression and poor communication within LeO's casework; the Board will spend time at its July workshop in drilling down in more detail into customer satisfaction and quality and, alongside this, at the next full Board meeting the 'reducing the backlog' paper will be incorporated within the wider performance update and a comprehensive quality update will be shared (as part of the twice yearly quality assurance report).
2. April was an ambitious target and delivery was affected by seasonal pressures and a reduced number of working days; the forecasting is being reviewed and improved, ensuring incorrect assumptions are tracked and the loop closed.
3. At the next full Board meeting the Board will receive an update on the work of a pilot which is testing whether giving established investigators wider discretion to manage and progress cases, and where they believe they could more efficient and improve overall performance, is better for the individual customers.
4. In progressing the revised approach to performance reporting the Board will receive a demonstration on Power BI; the Task and Finish Group will lead on agreeing the structure of reporting and a session will be scheduled on risk tolerance and agreeing what exceptions are in future reported to the Board.

#### **People and Leadership**

*The overview: Progress has continued on significant people-related activity, including with the implementation of the new HR structure. Attrition continues to be a challenge and a significant business priority. The first round of localised recruitment for LeO's Cardiff Hub is complete with strong interest in investigator roles and number of people also shortlisted for key corporate roles. LeO's EDI Steering Group had its second meeting, recognising the importance of improved inclusivity as a means of addressing attrition.*

#### Assurances received:

1. Confidence that the 2022/23 targets will be achieved stems from a number of people-related developments including that new cohorts from September and November 2021 and March 2022 will be ramping up their delivery and improving closures; and the ongoing cultural changes on the part of LeO colleagues.
2. Proof-of-concept work is progressing for LeO's Regional Hub Strategy with low risk and low cost MoJ estate office space secured in Cardiff; the first round of localised recruitment is complete, with assessment centres scheduled and high numbers of applications received for investigator roles (104) of which 39 have been selected and invited to the assessment centres; 12.6 candidates are due to start with LeO at the end of June 2022. There has also been interest for the corporate roles; in parallel, other possible sites are being reviewed and aligned with locations suited to the geography of staff recruited through national recruitment.
3. Attrition rates across the business continue to be a key challenge and are affected by a number of factors such as job market conditions and the impact of the continued focus on operational performance variation; LeO is responding in many different ways including through an external pay benchmarking exercise where all Operations roles have now been benchmarked, a review of LeO's total reward and recognition strategy, training for managers in effectively managing sickness absence, over-recruiting to Investigator roles in Cardiff, and work to better support mental health and wellbeing.
4. The full HR policy review and rewrite continues; the restructure continues to put significant pressure on the HR function and to support this a temporary senior HR consultant has been engaged to work through the high volume of complex employee casework.

#### Additional assurances being sought:

1. On completion of the corporate benchmarking exercise the full set of data will be analysed in detail, considered by the Executive team and shared with RemCo as an out-of-committee paper prior to its November meeting; the benchmarking findings will also need to be considered alongside a review of LeO's total reward and recognition strategy, which in turn needs to be done within an affordability and budget planning context. This exercise will be particularly important given that Inflation is running significantly ahead of the level of pay rises LeO can offer and recognising that other competing businesses may not be hampered in the same way. There is therefore a risk that if LeO pay falls further behind staff turnover could increase again as staff face rising costs.
2. The People Strategy and EDI Strategy have committed to an end-to-end review of the recruitment process, which will include the way in which key EDI recruitment data is reported back to the Board; this will therefore need to come back to a future Board meeting.
3. Following a tender process Gatenby Sanderson has been engaged to lead the executive search process; approval from the MoJ Permanent Secretary is outstanding and the Chief Ombudsman will provide the Board with a progress update outside of Committee.

### **Risk management and financial governance**

*The overview: The 'moderate' GIAA annual audit opinion marks a further important milestone in LeO's ongoing improvement. Learning is a constant with the focus on controlling, minimising and managing the underspend in 2022/23. Part of re-building confidence in the future delivery of the scheme will also focus on strengthening more timely monitoring. Work is progressing well on the external audit, reflecting the learning that has taken place and been implemented since the last audit, and all is on target for signing off and submitting the Annual Report.*

#### Assurances received

1. GIAA's Annual Audit opinion which provides a moderate opinion, represents a marked improvement on the limited opinion in 2020/21 and is a positive assessment of the stability and progress achieved over 2021/22.

2. Reflecting on discussion at ARAC and the March Board around reporting and escalations on financial tracking, quarterly financial reports will now be provided to Board out of committee, with escalations to Board between reports/meetings where forecasts are out of tolerance or where it's assessed that Board should be made aware.
3. The Budget and Business Plan provided for a 2% inflationary pay award for all staff; MoJ guidance on ALB pay remit was subsequently published on 20 April which confirmed that ALBs are able – with MoJ approval - to make average pay awards up to 2%, with an additional flexibility to pay up to a further 1% (totalling up to 3%) to address specific workforce priorities; LeO will proceed with a 2% award but wider inflationary and cost of living pressures will be actively monitored and brought back to the Board.

Additional assurances being sought:

1. Draft Annual Report text will be circulated to the Board for consideration in advance of June's meeting; it will be important to more clearly navigate the performance section and to demonstrate the OLC's commitment to being open and honest about where LeO's performance for customers has not yet been good enough.

**Enhanced public reporting**

*The overview: A significant focus of stakeholder engagement over the last quarter has been on the Scheme Rules review and this is now ongoing. The Challenge and Advisory Group met in May and good progress has been made with meetings with the Law Society and the regulators alongside increased engagement with the wider consumer, advocacy and advice services sector. In keeping with the commitment to enhanced transparency further consideration is also being given to establishing an OLC Board Category One committee in readiness for receiving recommendations around publication.*

Assurances received:

1. Stakeholder and external engagement has been substantial in the last quarter and the Board received extensive feedback; this reflects the Chief Ombudsman's commitment to rebuilding confidence in the scheme and the priority that has rightly been placed on this stream of work.
2. In June, the OLC and LeO will be writing out to all stakeholders and those who responded to the Scheme Rules review summarising the key themes taken from the consultation and outlining the next steps.

Additional assurances being sought:

1. Part of the revised approach to performance reporting is about re-categorising stakeholders on the basis of data usage and needs; this will be continued, including revising what performance information is currently made available on LeO's website.

One of the main take home messages from the Board meeting was the recognition of ongoing progress – and the confidence of the OLC Board in LeO continuing to meet overall forecast targets - alongside a complete lack of complacency. As one member put it, “no one is getting carried away”. A longer-term perspective is now so important in assessing LeO's stability and whether it is making both sustained and sustainable progress.

Best wishes



**Elisabeth Davies**  
**Chair, Office for Legal Complaints**

