

Dr Helen Phillips
By email

14th April 2022

Dear Helen

The OLC Board met on the last day of the 2021/22 financial year providing a timely opportunity to hear the impressive and emerging end of March position. Figures have been updated since the meeting, showing that LeO closed a **staggering 852 cases in March**, 31% more than projected and exceeding all existing monthly case closure records.

This was the first Board meeting since the LSB had approved the Business Plan and Budget for 2022/23 and it was apparent that this has provided a clear sense of confidence and momentum as LeO ends the year. This was reflected in the Board papers, the Board meeting and in this VA letter.

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: The progress made in March is unprecedented. LeO's organisational focus on early resolution and proportionality, now being implemented through a new Front End Team, is delivering with early closures making up 30% of the record breaking 852 total closures for the month. This has been achieved with on average 86% of the staffing resource included in the 2021/22 Plan. The national recruitment campaign is complete with 40 investigators joining the business in March, a full operational complement, and with induction now well under way. Alongside this rapid progress is being made on developing the contingencies. The first Regional Hub is set to be piloted in Cardiff with the appointment planned of a number of operational and corporate roles, including a new Quality Manager. Alongside this the Scheme Rules review consultation is closing in mid-April and responses to date have been both positive and supportive. LeO will begin 2022/23 with an in-post FTE over that budgeted and in a much stronger position than seen in 2021/22.

Assurances received:

1. Key highlights for March include:

- a. 852 customer closures (600 investigation closures plus 252 early resolution closures) were achieved, which compares to a revised target assumption of 650 closures.
 - b. This takes the total closure figure for the year to 6,575, 40% more than in 2021/22.
 - c. Including early resolution, productivity was 7.86 which exceeds November's high of 7.01; productivity in the Front End Team was 13.6.
 - d. Early resolution customers are experiencing substantial reductions in total journey time with new customer cases being resolved in 37 days from the point all required information is received – a 66% shorter customer journey time for comparative complexity cases.
 - e. Investigation times continue to be quicker; in the absence of the wait in the backlog the investigation time for low complexity cases (67% of LeO's workload) is averaging 87 days for the full year; 'in month' across all case complexities the investigation time has reduced further to 76 days which is a 33% reduction since April 2021.
 - f. The PAP backlog ended the year at 5,870 against an original Business Plan forecast of 4,970.
2. A new Front End Team (FET) is bringing together and frontloading resourcing to support the delivery of early closures, PAP proportionality and early proportionality; the FET estimates that 39% of cases in the PAP and 46% of new incoming cases are suitable for early resolution which would allow delivery of over 3,000 case closures in 2022/23.
 3. Priority Three remains a key part of LeO's focus, despite pressures on resourcing and the focus on operational delivery. In Q4 LeO provided direct learning to providers who require support to prevent and resolve complaints; reviewed its approach to the publication of Category 1 Ombudsman decisions; established its service provider advice line; and explored with a legal services training provider how LeO can better deliver key elements of learning and best practice on complaints handling.
 4. The Scheme Rules review update, albeit based on limited but positive responses to date, set out LeO's commitment to develop and implement some changes through internal guidance alone, whilst aware that changes to critical rules such as the time limits provision will be more involved and resourcing intensive. The LeO Executive is clearly cognisant of the need to handle change effectively and to bring LeO staff with them. This is alongside the need to quantify what improvements these changes bring and also to provide the OLC Board with assurance that the changes, once implemented, do not have any adverse consequences or implications for customers.

Additional assurances being sought

1. The first Regional Hub is set to be piloted in Cardiff and this will progress LeO's contingency plans to diversify from a single site location in Birmingham, acknowledging that its employment offer may be more attractive in other UK cities where the market is less saturated; possible next steps also include establishing a Hub in existing MoJ offices in the North of England. Additional information will be provided to the Board on the work of the Hubs including understanding more about the proof of concept, how Wales has been identified, and how possible locations are being informed by national recruitment outcomes.
2. The Quality Team continues to be under-resourced due to the challenges of recruiting a new Quality Manager; with increased resource and resilience in Operations internal development opportunities on a six-month basis will be sought alongside plans to recruit a Quality Manager to be based in the Cardiff Hub; recognising this the review of the Quality Framework has previously been delayed and a revised date will be prioritised and identified. Whilst quality featured prominently in the papers and the Board was provided with assurance that overall quality standards were being sufficiently monitored and maintained – eg. performance against the outcome quality metric in Q3 was its highest since Q2, although there was a decline in performance against the service quality metric - the Board will be further sighted on quality in the future, including though dedicated quarterly items on quality.

People and Leadership

The overview: “We feel supported and listened to”; “...mindset of innovation”; and “...working in a joined up way”: Hearing from staff at the Board meeting and over lunch (the Board hosted a lunch with around 50 staff) painted a picture of an organisation using the numbers and targets to empower staff; whilst agility within the teams is enabling Managers to be responsive, moving staff around as required and exemplified through the recent creation of the Front End Team. Progress continues on significant people-related activity including a full HR policy review and implementation of a new HR structure. LeO’s new People Strategy and new EDI Strategy both respond to the findings of the Civil Service People Survey and both depict a welcome hunger for change which needs to be balanced by realistic ambition and ‘permission to prioritise’.

Assurances received:

1. LeO’s new People Strategy, approved by the Board and underpinning Priority One of LeO’s 2022/23 Business Plan, will complement the new Equality, Diversity and Inclusion Strategy; the findings of the 2021 People Survey have also informed the strategy and associated deliverables.
2. LeO’s new EDI Strategy, also approved by the Board, will focus on how LeO will deliver a representative workforce; an inclusive place to work; and provide an accessible customer service.
3. The priority for the 2022/23 People Strategy is to focus on LeO’s current key people-related challenges: the need to reduce attrition and to attract and retain highly skilled and motivated people across all areas of the business. It comprises 4 headline themes: Attract, recruit and retain; develop and support; promote engagement, equality, inclusion and wellbeing; and deliver responsive HR services. Consultation on the content of the People Strategy has already started with Staff Council, Staff Networks and Management Team, and progress against deliverables throughout the year will be shared with these colleagues and via all-staff News in Brief updates.
4. Following a detailed review by RemCom at its February meeting, the Board considered how LeO is responding to the Civil Service People Survey. The 46 statements within the survey are grouped into nine core themes and with the exception of ‘Learning and Development’, all the core themes saw an increase in positive responses when compared against 2019. The highest scoring themes were: Organisational objectives and purpose (76%); My work (69%); and My team (69%). The lowest scoring themes were: Learning and Development (33%); Pay and Benefits (39%); and Leadership and managing change (41%). Overall, the results of the 2021 People Survey identify a number of areas that require improvement and these results have already informed the People Strategy.
5. The HR restructure has put significant pressure on the HR function but the HR team continues to support significant recruitment and induction activity across both the Operational Delivery and Corporate areas, with crucial support also from the Operations Managers; progress has also been made in recruiting to identified hard-to-fill Corporate posts with appointments made to the Legal Manager, Risk Manager, Executive Assistant and Executive Support Assistant posts.
6. The National Recruitment Campaign is complete: 40 investigators (37.4 FTE) joined the business over a 2-week period in March and are being supported by a comprehensive onboarding process.
7. Six successful candidates for the Level 1 Ombudsman roles have also been confirmed as have L2 Ombudsman identified in the Business Plan as required for proportionality work; LeO will start 2022/23 with an over-complement of investigators and a full complement of L1 and L2 Ombudsman.
8. Good progress has been made on HR policy work with RemCom approving the New Developmental Performance Management Framework; Probation Policy; Personal Development Review (new appraisal policy); Performance and Improvement Support Policy; Sickness Absence Policy; Disciplinary Policy and the Grievance Policy.

9. Attrition, maternity leave and sick absence are running ahead of Business Plan assumptions; factors contributing to attrition are job market picking up, and salaries that are not competitive compared to other employers; multiple actions are identified in the 2022/23 Business Plan to address attrition and the Board also identified that LeO's continued focus on operational performance variation has had an impact: Of the 52 Operations leavers during 1 April 2021 to 3 March 2022, 16 left having failed/about to fail probation (31%) and 14 were 'non-regretted' due to performance issues (27%); a benchmarking exercise is currently underway to form a full picture of comparability for all roles in LeO, the findings of which will be used to plan actions going forward.
10. In line with Government guidance LeO's 40/60 Hybrid working model was reinstated in February with all COVID measures, including mask wearing and one-way system, lifted in March; RTO-Hybrid Office Working Survey actions have been progressed and closed at Command Meetings across January and February.

Additional assurances being sought:

1. The proposed restructure of the HR service and team was shared with RemCom at its meeting on 8 February; the recruitment of seven new permanent HR posts is now due to commence representing a completely new HR resource to provide a more responsive, collaborative and enabling HR service for the business; in the short-term there will be significant challenges to be managed due to reduced HR resource pending the permanent appointments being made, and the time needed for the new team and structure to settle and embed. Significantly the impact of the new structure has been taken into account in the delivery of the People Strategy to enable appropriate prioritisation and realistic timescales for delivery; temporary support will continue to be utilised pending appointment to the new posts to maintain basic BAU during this time. Alongside this the Board is seeking further clarity on what will be prioritised within the People Strategy to most effectively impact positively on recruitment and retention.
2. At the next meeting the Board will consider how the LeO brand and its external reputation is being supported and developed with a focus on its impact on recruitment and retention; this will be alongside receiving an update on the pay benchmarking exercise and following the focus on attrition at the March meeting.
3. The Board forward plan had been updated to include the presentation of EDI benchmarking data on recruitment at a future Board meeting; due to time constraints and the volume of work involved, the EDI Manager and Head of People Strategy and Services were unable to present this information at the March Board.
4. Further information will be provided to the Board on LeO's decision to work with Stonewall, and participate in its employers' scheme after the charity has faced criticism over its position on trans rights.

Risk management and financial governance

The overview: The focus on controlling and managing the underspend in 2022/23 remains and is a key part of re-building confidence in the future delivery of the scheme. Both the internal and external auditors have recognised improvements and shared these with ARAC whilst the Internal Audit reports planned for 2022/23 have been rephased to maximise their added value. The Annual Report is on target with a clear commitment to ensuring messaging is consistent with, and to the same standard as, that used in the 2022/23 Business Plan.

Assurances received:

1. Staff costs are forecast to be underspent by £714k (6.2%), reflecting the large level of vacancies and challenges in recruitment which have been reported to the Board throughout the year. There has been a movement in the month of £64k. Non-Staff costs are forecast to be underspent by £65k, a £17k movement from the £82k underspend forecast previously.

2. The challenges of remote working had a significant impact on the timeliness of paying purchase invoices in 2021/22. The commitment to reducing the average payment days and ensuring that the internal processes around authorising of invoices are followed in a timely manner has driven significant improvements with 74% of invoices paid on time in February and 80% in January.
3. The majority of the strategic risks and issues remain relatively stable following February's review, although the Strategic Risk related to Covid-19 and LeO's resilience in responding to Covid impacts has reduced in scoring and is aligned to the target risk score.
4. GIAA audits on Recruitment, Payroll and Change and Transformation are in progress and due for completion by the end of the year.
5. The 2022/23 Internal Audit Plan, which will include Audits on Budget and Business Planning, Service Complaints and Risk-Management, was discussed and approved at the March meeting of ARAC.
6. The Board focused on managing the risk of an underspend in 2022/23 and the importance of understanding the picture at an early stage; the Board was assured by the existing role of ARAC and the monitoring planned for this year.
7. A new Risk Manager has now successfully been appointed and is due to start in April.
8. The proposed central messages of the Annual Report were carefully reviewed and the need to focus on LeO's customers was particularly emphasised by the Board.

Additional assurances being sought:

1. Following a broader discussion around case fees and understanding more about how early interventions are not generating case fees, the Board will receive further information on the levy rules and as part of the Scheme Rules review will be alerted to differing arguments around the principle of the 'polluter pays'.
2. A workshop with Executive colleagues on risk appetite and tolerance proposals was recently held and the next iteration will be discussed at the April Executive Team in readiness for ARAC and OLC Board in May.
3. Work continues to progress on the LeO-wide policy update with a number of key finance policies published in February and 25% of policies updated to date; there has been some slippage due to resource constraints and whilst mitigation is in place where possible to reduce impact, it is clear some policy updates will need to be handed over to BAU for completion after the end of the project.

Enhanced public reporting

The overview: A significant focus of stakeholder engagement over Quarter 4 has been on the Scheme Rules review. The consultation went live on 16 February and is open until 13 April. Prior to this, a number of stakeholder meetings took place to gauge initial views on the key proposals that have been outlined for change

Assurances received:

1. On the Scheme Rules review the Chief Ombudsman and Deputy Chief Ombudsman attended meetings with the Legal Services Consumer Panel, Bar Council, Law Society and the Association of Consumer Support Organisations across January and February which focused on developing understanding and getting feedback on changes to the Scheme Rules, including impacts these could have on service providers and consumers, as well as the practical and operational impacts; a staff meeting was also held with staff in March to ensure internal views were captured and staff had the opportunity to ask questions on the possible implications of any changes that are taken forward.
2. Both LeO and the OLC have continued to update stakeholders on progress with the Budget and Business Plan as this has developed; this included a letter in February to stakeholders from the OLC Chair and Chief Ombudsman which provided an overview of the responses received to the 2022/23 Business Plan and Budget consultation. The letter summarised key themes from the responses and also outlined how the revised Plan had been rebalanced to

include a clearer demonstration of how performance trajectories had been based on realistic expectations and assumptions which are already being carried out.

3. The most recent Challenge and Advisory Group meeting took place in February, with updates provided on: PAP initiatives and performance, including forecasts to year end; Stakeholder responses to the consultation on the 2022/23 Budget and Business Plan; the Scheme Rules review, consultation meetings to date and the timeline. The meeting provided assurances that LeO is continuing to maintain its focus on early resolution and proportionality initiatives. Feedback was positive with strong support for the plans albeit with some caution around the ambitious nature of the trajectory targets. It was agreed at the meeting that the Group would continue into 2022/23 as the Legal Ombudsman continues with its programme of recovery.

Additional assurances being sought:

1. In February the Board held a workshop, looking at how LeO should be reporting on its performance, providing an opportunity to reflect on what reporting is currently in place and what wants to be achieved through better reporting. Working closely with the Executive, the OLC Board will give further consideration to performance reporting for 2022/23 including how this relates to the commonly agreed dataset and revised KPIs. A meeting to review the agreed dataset has been arranged with the MoJ and LSB for the end of April.

“It hasn’t been about the numbers but it’s been about the customers” (LeO staff member). LeO is ending the financial year by helping considerably more customers. This is recognised, welcomed and appreciated and there is a tangible discipline amongst both the OLC Board and the LeO Executive that this must be sustained. There is no complacency whilst being aware that performance in March has been delivered within existing resources - 40 new LeO staff are currently being inducted and who are not yet productive.

LeO is beginning 2022/23 in a much stronger position than seen in 2021/22.

Best wishes



Elisabeth Davies
Chair, Office for Legal Complaints

