Legal Ombudsman
Edward House
Quay Place
Birmingham
B1 2RA
www.legalombudsman.org.uk

Dr Helen Phillips
By email

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Dear Helen

The OLC did not have a formal Board meeting in November but rather held a Board seminar that was a chance for the Board, along with the incoming new Chief Ombudsman and Chief Operating Officer, to review the end to end customer journey. This is a significant part of the performance review process, enabling the Board to question and probe and ensuring both Paul McFadden and Sandra Strinati are able to form early views on performance delivery and processes.

Nonetheless it was important for the Board to continue to seek assurance about ongoing performance and recovery. This has been supported during the course of the month by a meeting of our Remunerations Committee, with its focus on seeking assurance against delivery of the LeO People Plan, and a meeting of our Audit and Risk Committee, with its focus on risk assurance across the organisation.

In this letter I would therefore like to set out what assurance the Board has received during November; where further assurance is now required; along with the key assurance activities that will need to be carried out between now and the end of the calendar year and in advance of the new Chief Ombudsman and Chief Operating Officer starting in January 2021.

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1 Performance improvement including responding to COVID-19

<u>The overview:</u> 396 closures were completed in October and this showed an improvement on previous months (Sept: 385; Aug: 299) and represented the best monthly performance this financial year. However, productivity assumptions for the month did not hold true – the target was 459 – and most notably for established investigator productivity. The assumptions built into the recovery forecast now need to be further revisited in December, taking account of the wider and emerging implications of Covid.

1. Contact levels into GET increased by 10% in October. Despite volume increases, further improvements have been made in the service level for processing contacts, with the average wait now at 21 days. The Pre-Assessment Pool (PAP) grew to 4,330 at the end of October, with 630 cases being added. This increase is in line with growth predictions, and does not signify any fluctuation in incoming demand. There has been a slight increase in the average time spent in the PAP as a result of this anticipated growth.
2. The number of cases taken from the PAP increased again in October (489 compared to 452 last month) and exceeded the number of cases closed by 95. This is indicative of staff rebuilding case holdings as availability increases.
3. The additional improvement proposals previously shared with the LSB started at the end of October, and the Board received the following updates:

1.3.1 High complexity cases are now being allocated to a number of additional L1 ombudsmen. It is expected that this will translate into an improvement in the waiting time for these cases to be allocated from next month.

1.3.2 The work on progressing quick wins has also commenced, with 2 closures achieved and 12 dismissal notices issued in the first two weeks. In addition to the immediate delivery outputs, this work will help improve how potential early closures and dismissals are identified and handled.

1.3.3 Work continues on technical innovation initiatives, with the first front end solution (Robotic Processing Automation) due to be implemented in the early part of Q4. Once this functionality is implemented, consideration can be given to making best use of front-end staff to improve the customer experience.

1.3.4 There has been significant progress in developing a Document Summarisation Tool which will search, analyse and summarise case related documents. This work is now being tested on high complexity cases and will bring efficiencies for evidence review, along with providing a suite of data which will enable the organisation to develop automatic triaging options (Case Age Prediction Model).

1.3.5 In addition the Board received a written update on the review of the service provider nudge initiative which could provide further scope for improving processes and handling cases differently at the front end. Service providers are given the Legal Ombudsman's guidance on reasonable service and made aware that a complaint has been escalated to the Ombudsman, offering them a valuable opportunity to try and resolve the complaint themselves and before the complaint is accepted as a case for investigation. On the basis of the review, around 5% of files put into the PAP (based on monthly demand of c. 600 cases) will close as a result of offers made after the Tier 1 process is concluded, but before LeO has begun an investigation.

4. The number of LeO staff who have tested positive for Covid has increased over recent weeks. Birmingham is now in tier 3 and the Executive continue to monitor the situation closely and have written to all staff to reassure them that business as usual will continue, with an emphasis on wellbeing and support mechanisms available. The Board has been assured that the ongoing developments do not in any way alter the Executive's approach in terms of special leave reducing, and the expectation that staff are able to work their full hours (subject to flexibility and extreme circumstances).
5. Nonetheless further consideration now needs to be given to the developing impact of Covid. In keeping with other Ombuds schemes and service providers, emerging indications are that the long-term effects of working from home are having further effects on productivity, and consideration is being given to how this could be addressed.

Assurance to the end of December:

6. Between now and the end of December the Board has asked the Executive Team to revisit the planning assumptions, further testing and quality assuring the recovery plan; scenario planning to take better account of the ongoing and developing impact of Covid; and rigorously stress and back testing in order to more effectively mitigate the unknown impact of Covid.

7. This will be started during December through the Performance and Quality Task and Finish Group and with the guidance of the Group's Chair, Rod Bulmer. The Group will work with the Executive in considering the possible performance impacts of Covid for the rest of this financial year. A commentary will be provided to the Board to accompany the commonly agreed dataset shared in mid-December along with any further and ongoing assurance actions required in the new year.

Risk management and financial governance

The overview: The Audit and Risk Assurance Committee has been reassured that the basic foundations of good financial governance are now being re-established and that risk management is being more effectively carried out at the project and business unit level. However, more work and resource now needs to be devoted to developing and delivering a risk assurance process and reporting system at an organisational level, with a clearer alignment to risk appetite. The interim budget application includes additional staff support including a new Risk Manager and Financial Business Partner and these will be supported through MoJ consultancy support and more effective and greater use of the internal and external auditors.

8. In considering the risk assurance review, ARAC noted that six out of the top ten organisational risks has increased since May 2020. Whilst this is a result of the risks arising from Covid, ARAC was assured that it is also reflective of the increased focus on reviewing and challenging risk scorings at monthly risk review meetings and to ensure greater consistency in risk scores between business units.
9. In considering feedback from the internal auditors, ARAC noted that scoping activity for the audits of corporate governance and of risk management have been conducted and that fieldwork for corporate governance is starting. ARAC reviewed phase one of the internal audit into the risk management framework, which confirmed that GIAA is satisfied that the key issues, weaknesses and concerns identified by ARAC around the pre-existing risk management approach and processes – more clarity around root cause and effect of risks; appropriate and measurable controls and mitigations required; defined timescales and ownership for the delivery of planed controls - have been incorporated in the ongoing review and refinement of the OLC risk management

framework by the LeO Executive. The internal review by LeO now needs to be completed before GIAA will complete phase two of the assurance review which will be of the updated risk management framework.

10. ARAC reviewed the external Auditor's Management Letter on the 2019/2020 financial Statements Audit and the LeO Executive's draft report. The audit makes a number of high priority recommendations in respect of necessary changes to the governance structure on the oversight of finance; the implementation of key financial controls; and the quality of financial statements. ARAC took some assurance from the management response which demonstrated those actions already taken. However further work is now needed on the response along with ensuring ARAC can monitor progress against the required actions.
11. ARAC's comprehensive assessment of both the risk assurance review, and the reports from the internal and external auditors was aided by the rigour and focus of the new Committee Chair, OLC Board member Harindra Punchihewa. The fragility of the Executive Team was acknowledged along with a clear requirement that improvement is now necessary and that this improvement will be delivered through additional staff resource and with appropriate draw down on the support of the internal and external auditors.

Assurance to the end of December:

12. The OLC Chair, working with ARAC, will draft a follow up letter to the Permanent Secretary, providing an update on financial governance assurance and following on from the previous letter in May 2020.
13. LeO Executive will review the approach to risk assurance, drawing on the expertise and guidance of the Chair of ARAC.
14. LeO Executive will be asked to reassess the top ten organisational, providing an update on how these risks are being managed and in advance of the end of December.

Leadership and People

<u>The overview:</u> The Board continues to recognise that delivery of the People Plan is fundamental to delivery of the recovery plan and will continue to prioritise its oversight, including through the work of the Remunerations Committee. Attrition remains at lower than usual level and progress is being made on implementing the People Plan including refreshing the job descriptions and competencies for all roles. Whilst the Executive Team is fragile they have pulled together well and the news of Mariette's departure has generally been positively received as evidence of the chance to progress in career.

15. The Board received assurance that Operational Delivery staff continue to respond positively to the new Managing by Behaviours approach, understanding the need to put the customer first and make improvements.
16. This will be supported by the work on LeO's People Plan, which has begun aligning behavioural expectations to job descriptions.
17. Staff engagement appears to be improving, with the Legal Ombudsman achieving an 81% response rate to the Civil Service Staff Survey. This is a significant achievement compared with last year's response rate of 57%, and represents the best response level in the organisation's history.
18. Attrition remains at far lower than usual levels, with no investigators leaving in October (6 or 5.6 FTE investigators left in the 7 months April – Oct inclusive; compared with 24.4 FTE in the preceding 7 months, and 12.9 FTE in same period last year).
19. The Remunerations Committee focused on delivery of implementation of the People Plan, focusing particularly on a review of talent and leadership development and the need to: identify the talent pipeline; increase the diversity of the workforce and leadership; and increase the skills needed to implement the Business Plan.
20. The Committee also reviewed an early draft setting out how a refreshed HR balanced scorecard could translate the vision and goals of the People Plan into a comprehensive set of performance measures and shared a number of comments in this regard.

<u>Assurance to the end of December:</u>

21. Supported by Jane Martin, Chair of our Remunerations Committee, further assurance will now be sought in relation to whether and how the priority areas previously identified within the People Plan, and agreed by the OLC Board, will be progressed. An end of year review will be sought.
22. Further consideration will also be given to the degree of alignment between the HR Balanced Scorecard and the organisational KPIs.

Finally, as it is now December I can share some high level performance figures for November (and which LSB colleagues will receive mid-December in your commonly agreed dataset). There is a performance improvement of 10% on October (437 closures), and additional initiatives (quick wins and L1 ombudsmen taking cases) are starting to take effect with a 15% increase in cases taken out of the pre-assessment pool, and 3 months taken off high complexity allocation wait time.

I hope this letter is helpful to you and your Board Helen and indeed forms a model for the type of assurance I will provide to the LSB in 2021 and in those months when an OLC Board meeting is not scheduled to take place.

Best wishes

Elisabeth Davies
Chair, Office for Legal Complaints