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Alan Kershaw
By email

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Dear Alan

I'm aware that this is the first voluntary assurance letter sent since you started your role as LSB Chair. This is also the first VA letter shared since the LSB approved the OLC's Budget and Business Plan for 2023/24. Additional assurance around this was understandably the focus of my last letter, drafted after January's Board meeting.

Since this time the OLC Board has attended an all-day workshop, a chance to delve in more detail into assurance around quality, including for early resolution; assurance around the forthcoming Annual Report. and Board messaging around tone and content; and importantly to consider the new Strategy. These items were all prominent themes at April's Board meeting alongside the changes to LeO's Scheme Rules which went live on 1 April 2023. In keeping with the past this letter focuses on:

1. Performance improvement
2. People and Leadership
3. Risk management and financial governance
4. Enhanced public reporting
5. Scheme Rules review

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

When we next meet we can reflect on necessary changes to this letter, recognising that it needs to evolve as the OLC Board and stakeholders have grown in confidence in LeO's improvement trajectory. Whilst all of us are absolutely focused on ensuring LeO's improvements can be sustained, we do so with an evolving approach to confidence and risk alongside shifting data and assurance requirements.

Performance improvement

<u>The overview:</u> *LeO reached record performance levels in March, achieving over 1,000 case closures in a month for the first time ever and ending the year on a high. The 2022/23-year end position was a total of 9,467 closures, 92% of the Business Plan target and a 44% year on year improvement on 2021/22. The overall customer experience continued to improve with a reduction of 114 days on average end-to-end journey times for all complexities when compared to when backlog was at its highest (February 2022*
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<u>Assurances received:</u>

1. March's performance takes the year end position to 9,467 closures, 92% of the Business Plan target of 10,244 and a 44% year on year improvement on 2021/22; the average monthly closures in 2022/23 was 789 compared to 548 cases per month in 2021/22.
2. The Pre-Assessment Pool (PAP) saw its tenth reduction of the year to 4,282 cases, a 27% reduction on 2021/22; following changes to how LeO reports on its caseload the PAP now stands at 3,821.

3. Average end-to-end customer journey times (CJT) reduced in March by 33 days (11%), at 268 days this is 17% below the low complexity target of 325 days; CJT for early resolution customers reduced from 151 days in April 2022 to 64 days March 2023; whilst the average resolution time for all outcomes increased in March from 87 to 97 days, this is the time for an outcome to be reached after any wait time and once LeO has all information required.
4. Outcome continues as a polarising driver behind service satisfaction; the right decision is still being reached with Ombudsman performance returning to the higher levels of earlier quarters, albeit consistent themes for improvement around communication and delay; performance against the Customer Satisfaction targets remains consistent with a more granular review reinforcing how levels of satisfaction are also driven by *when* the outcome is received (LeO's customers are generally more satisfied if they receive an early resolution - irrespective of the outcome - to their complaint compared to when the outcome comes after a long wait).
5. The Annual Report of the Independent Service Complaints Adjudicator provided assurance along with prompting LeO to carry out a full review of its service complaints process, likely to include renewed confidence in saying 'no' to those service complaints falling outside its remit.
6. Future ways of working and accommodation options continue to progress, aligning with the expiry of the Edward House lease in August 2024 along with consideration of future hybrid working arrangements.

<u>Additional assurances being sought:</u>

1. The OLC Chair and Chief Ombudsman have been in discussions with MoJ on LeO's status as a levy funded body, the challenges faced by LeO in recruiting and retaining staff and wider strategic finance questions; close contact with MoJ is being maintained and at June's meeting there will be a report back on the impact of the Civil Service pay remit guidance and Government Property Agency.
2. Consideration continues to be given to future reporting, ensuring a clearer focus on CJT and customer experience, bringing all the key indicators on to one page and looking at how this relates to the KPIs (as shared in the draft Annual Report).
3. Whilst Q4 quality assurance reviews show that performance against key quality metrics has remained broadly stable, the results did show a slight drop in performance against service metrics in the Resolution Centre; plans are already in place to start addressing those issues and the OLC Board will look to see an improvement in performance in those areas.
4. A report benchmarking LeO's approach to quality assurance against other Ombuds schemes has been received; emerging findings provided some assurance about how LeO fairs comparatively and further information will be shared with the Board on this.
5. Learning from the Business Plan and Budgeting process focused on how the Board can receive assurance about future trajectories in a timely fashion for drafting; this will result in a revised role of the Performance Sub Group.
6. Following February's Strategy workshop, the Board will spend more time on Strategy discussions, continuing to consider LeO's vision and strategic goals with a likely emphasis on ambition around transparency, insight and engagement (currently 'priority three') and responding to clear permission from stakeholder feedback.

People and Leadership

<u>The overview:</u> The OLC Board recognises the encouraging signs of progress and return on the significant investment in HR changes over the last year, reinforced by LeO's recent nomination for an Excellence in People Management Award for its work to create an innovative and inclusive approach to recruitment. Alongside the positive results of the Civil Service People survey, sickness absence levels have shown sustained reduction across 2022/23 and overall attrition rates have fallen steadily for eight consecutive months, standing at 18.7% in March. Whilst continuing to focus on the Employee Value Proposition and those changes within LeO's control, nonetheless the OLC is clear about the necessity of the discussions with the MoJ, remaining alert to the risks of not achieving trajectories because of constraints on how it can use its resources.

Assurances received:

1. Recruitment activity has continued across both Operational and Corporate areas; a successful recruitment campaign in February delivered 28 investigators with start dates in April and May.
2. A strong EDI Manager has been appointed from the existing Operations Management Team, providing assurance around LeO's strengthening commitment to EDI, and internal secondments have been made to fill this role, reaffirming the message around internal development opportunities.
3. The Leadership Development Programme, a comprehensive review of recruitment and payroll, review of employee benefits and benchmarking and review of LeO's structures for engagement with staff through Staff Council and networks have all been taken forward.
4. The 'Moderate' rating received in relation to GIAA's audit of performance management framework is welcome recognition of the framework implemented.
5. LeO's reverse mentoring programme pilot has been launched alongside a traditional' mentoring pilot, which is matching OLC Board and the Executive Team with LeO staff.
6. Following detailed consideration by the OLC's RemCo in March, the annual Civil Service People Survey has returned significantly improved and positive results across all areas with the exception of 'pay and benefits'; as reported previously, the 62% response rate compares favourably to that of others but is not being viewed with any complacency; the focus continues to be reporting back to staff with an emphasis on "you said, we did".
7. Sickness absence levels have been falling over a sustained period and Q4 saw this trend continue, ending on an average of 11.61 days per employee in March, the lowest figure yet over the rolling 12-month period; mental health-related absence was the main reason for sickness absence over the quarter, increasing from a relatively low level in January (76 days) to 145 days in March, largely attributed to a small number of staff (4) on long term sick leave.

Additional assurances being sought:

1. Whilst overall attrition rates have now fallen steadily for eight consecutive months and stand at 18.7% in March, the OLC Board is clear about the necessity of the discussions with the MoJ and remains alert to the risks around use of resource constraints.
2. The analysis of the salary benchmarking review, now received by LeO, will need to apply over a longer-term period and will come back to a future Board meeting.

Risk management and financial governance

The overview: Following February's OLC Board workshop, excellent progress has been made in producing the first draft of the 2022/23 Annual Report and Accounts (ARA). Whilst subject to final review by the auditors and possible adjustments the underspend now stands at an impressive £6,000 and represents significant efforts over the last quarter to minimise this. Early indications show there has been a positive improvement in some of the risk themes because of the joint efforts between risk owners and Risk Manager, providing further evidence of the shift in LeO's risk management culture on the back of the positive GIAA Risk Management audit.

Assurances received:

1. The first draft of the 2022/23 Annual Report and Accounts (ARA) takes account of Board feedback on messaging and tone; all remains on track for the audit to commence on 9 May.
2. Reflecting growing confidence, strategic issues on the PAP backlog and people and strategic risks on operational performance, leadership resilience and budget variance have all maintained their previous score whilst the strategic risk on scheme rules closed because of the successful launch of the scheme rules changes; strategic risks on managing transformational change and the governance framework have also closed.
3. Closing and opening strategic risks will be presented at the May meeting of ARAC along with the annual update and review of the Assurance Map; a new risk will be added focused on the delivery and monitoring of the new scheme rules.
4. Significant efforts have been made over the last quarter to minimise potential underspend with efforts coming from the management of staff vacancies, activities such as overtime, HR advice and support, board effectiveness review and research on quality assurance.

5. Improving financial processes are being sustained with 96% of invoices paid on time in Q4.
6. GIAA audits on Service Complaints and Performance Management Framework achieved a moderate rating, with mostly low-level recommendations despite the resource challenges in the Service Complaints and HR teams; the 2023/24 GIAA audit plan started in April.

Additional assurances being sought:

1. A new issue on attrition in operational roles has been added to strategic risks for 2023/24, reflecting Board concerns with the impact of the use of resource constraints.
2. Case fee income is £380k lower than budget, reflecting the increase in early resolution closures which do not attract a case fee; this shortfall in case fee income will affect the levy income, adding 2.7% to the 2022/23 budgeted levy; Board will consider future funding models as part of the stage two review of the Scheme Rules.

Enhanced public reporting

The overview: Stakeholder engagement remained a significant focus, particularly in relation to a number of delivery points, including the publication of the 2023/24 Business Plan and the go-live of the Scheme Rules changes on 1 April.

Assurances received:

1. Building on the positive relationship with the Law Society's Regulatory Processes Committee and policy team, the President's visit to LeO's Birmingham office was a welcome opportunity to engage directly and provide more detail on the improvement journey, including the success of early resolution initiatives, customer satisfaction and the 2023/24 budget.
2. The OLC Chair and the Chief Ombudsman subsequently attended a well-received full Law Society Council meeting to provide its members with an in-person update on LeO's progress, demonstrating the impact of operational changes on providing a better customer experience, and address directly and openly questions.
3. Board members and Executive colleagues joined a Bar Standards Board meeting, focusing on possible areas of joint work, including through better intelligence sharing, making effective use of complaints' information, and through improving public understanding.
4. LeO held its third Challenge and Advisory Group meeting of 2022/23 which focused primarily on a number of key assumptions which underpinned the draft trajectories and the revised forecasts for performance in 2023/24; the discussion included better defining and articulating customer journey times and LeO's revisions to how it reports cases within the PAP.
5. LeO hosted its second Service Provider Forum focusing on performance and changes to ways of working; there was broad positive feedback about improvements and early resolution.

Additional assurances being sought:

1. Publicising and sharing the value customers place on the increased speed and efficiency of early resolution continues to be explored, given this is a data-light area.

Scheme Rules Review

The overview: The Scheme Rules changes went live as planned on 1 April without any significant issues after extensive development and testing work, the changes to the case management have been introduced and LeO will repot back at the end of Q1 to the Board and to the LSB as planned.

Assurances received:

1. Following the go live, cases that were in PAP as of 31 March continue to be handled under the old Scheme Rules (and can be identified on LeO's case management system) with all new cases received after that date now being handled under the new Scheme Rules.
2. LeO continues to monitor for any unforeseen glitches in its systems or unintended consequences; iterative changes to processes, documents and guidance will continue to be made as and when required.

3. Robotic Process Automation is operating as intended, separating out cases that are Out of Time under the new Rules so LeO can ensure Ombudsman discretion to extend time limits is applied consistently and fairly.
4. The Eligibility Checker has been updated to reflect the changes to the Scheme Rules and also to enable LeO to capture EDI data.
5. All operational staff (and others in key areas like service complaints and quality) have now been trained on the application of the new time limits; new quality assurance checks will be used to ensure standards are maintained.
6. LeO is actively looking at the websites of high usage law firms to ensure their information around the new Rules is up to date.

<u>Additional assurances being sought:</u>

1. Work is progressing as planned in the BI team to ensure that a full suite of reporting on the impact of the new Scheme Rules is provided to the OLC Board and the LSB from the end of Q1 as planned.

The OLC and LeO are entering a new phase, one in which improvements must be sustained alongside explicit consideration given to what LeO can and should do with its earned confidence. This next phase is about its new strategy, a chance to reset whilst maintaining its balance between realism and ambition, openly addressing the need for transparency, insight and engagement alongside taking account of the cost-of-living challenge of uncompetitive salaries and demonstrating the ongoing impact on the improving customer journey time.

In this, our joint commitment remains to actively responding to our stakeholders and we look forward to the Board-to-Board discussion in the summer.

Best wishes

Elisabeth Davies
Chair, Office for Legal Complaints