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Alan Kershaw
By email - 27 June 2023

Dear Alan

June's OLC Board meeting specifically focused on approving the Annual Report and Accounts, following on swiftly from an ARAC meeting earlier that day. It also provided some space to think about the new OLC Strategy for LeO. Against this backdrop I hope it's useful to share a top-level voluntary assurance letter with you.

Whilst this letter doesn't follow the standard format of the VA letters, it nonetheless draws on the April and May performance update, received by the Board out of Committee, along with a timely pay remit discussion.

In this letter I have therefore focused on:

1. Performance improvement
2. People
3. Risk management and financial governance – the Annual Report and Accounts
4. OLC's new Strategy

Performance improvement

<u>The overview:</u> Closures started well in the first two months with April coming within the expected range (597 – 636) at 604 closures and May then exceeding the upper range (632 – 677) at 704. YTD this has put LeO within the upper end of the range (1229 – 1313) at 1308. Closures have remained high but are not having the projected level of reduction on the PAP but LeO expects closures to be within the published range during Q1 and the PAP to start to come into range during Q2.

1. 58% of LeO's customers, those whose cases were resolved at early resolution in May (410 cases), experienced an average end-to-end journey time of just 63 days; when allocated to an investigator, all Low complexity cases were resolved in 124 days.
2. The average overall combined end-to-end customer journey in May also dropped, to 282 days after an increase in April to 318 days; this is despite higher customer journey times for Low and Medium cases as the historic backlogs in BAU are worked through.
3. Investigator attrition remains one of LeO's highest operational risks and will start to affect closure numbers as fewer new cases are started due to reallocations; this is already hindering the ability to take new cases from the PAP, leaving it at 3,789.

People

<u>The overview:</u> LeO continues to pro-actively focus on attrition and has had 28 new investigators going live over May and June; the cases that these investigators take will reduce the PAP by c300 cases so it is expected to reduce back in line during Q2. With current and future recruitment rounds LeO is looking to over interview so it can be more responsive to future attrition, drive down recruitment costs and save operational resource.

1. Both the Housing and Local Government and Social Care Ombudsman schemes are currently recruiting; anticipating this risk, LeO has implemented a recruitment round with a potential start date of September, concentrating recruitment efforts around Cardiff, Leeds and Birmingham to further embed the Hub strategy.
2. The Executive propose to implement a 4.5% pay award for all staff, make a non-consolidated payment of £1,500 to all staff (the Chief Ombudsman's pay is not applicable) and seek to implement an additional pay award targeted at lower paid staff, yet to be defined but using up to 0.5% of total pay remit.

3. This is judged to be an affordable settlement within the approved 2023/24 budget; the currently forecast small overspend is low risk but ARAC will diligently oversee monitoring of the budgetary developments, reporting back to the Board as necessary.
4. Details of this overall pay award will be subject to further approval from MoJ (received since the meeting) before this is carefully communicated to staff, and subject to further discussion Staff Council (although initial meetings have already been held with Staff Council).
5. This proposal means a flexibility application to Cabinet Office and HM Treasury for an 8% pay award (as outlined in the 2023/24 OLC Budget and Business Plan) will not be pursued.
6. The Board noted that the one-off nature of the £1,500 non-consolidated payment does not address LeO's longer term strategic risks, issues around attrition or LeO's competitiveness in the labour market; as a payment at a fixed point in time, it does not necessarily help incentivise in relation to attraction or retention.

Risk management and financial governance – the Annual Report and Accounts

The overview: *Following a recommendation from ARAC, the Annual Report and Accounts were approved by the OLC Board subject to minor drafting and clarifying changes and subject to the recommendations of the external auditors (NB. These have subsequently been received following the Board meeting and the Report and Accounts submitted to the C and AG).*

1. Board comments were minor, having previously discussed and reviewed the Report; comments focused on the use of the risk example, the multiple references to the Civil Service People Survey and the need to guard against misinterpretation of the bullying and discrimination figures.
2. Following the OLC ARAC meeting on the morning of the Board meeting the Board were assured that LeO had completed its internal review processes, and that the focus was now on updating the final version with all NAO and Deloitte comments.
3. Subsequent to the Board meeting, no further material findings have been noted, the Audit has now completed, and the Annual Report and Accounts have been shared with the C and AG.

The OLC Strategy

The overview: Following February's Board workshop the Board reviewed the emerging 'Strategy on a page'. With clear alignment in place around the commitment to improving legal services; to ensuring the dual aspects of LeO's work as an Ombudsman to resolving complaints and to raising standards are given equal focus; and to sustaining the hard fought for resolution improvements, the next steps include the Strategy Board to Board meeting with the LSB and a further session on Strategy with the OLC Board at its July meeting.

1. In discussing the emerging Strategy on a page, the Board recognised that LeO is entering a new phase, one in which improvements must be sustained alongside explicit consideration given to what LeO can and should do with its renewed confidence.
2. Discussion areas focused on the value of alignment with the LSB's Strategy and the regulatory objectives; the need to rigorously define the levels on which 'learning and insight' works including what this could/ could not mean for first-tier complaint handling; the importance of being clearer about the shared commitment to inclusion; a recognition that it is easier to extract learning than it is to deliver impact; and LeO's ownership of 'what good looks like' and best practice in complaint handling.
3. The need to ensure the Strategy is deliverable and realistic was discussed, recognising the importance of balancing ambition with risk appetite and ensuring LeO's staff are brought with it.
4. The Strategy document itself will be succinct, punchy and accessible, not reading like a three-year Business Plan.

I recognise this is a shorter VA letter than shared previously Alan but I hope it's value to the LSB Board is clear, setting out a demonstrable path for the development of a new Strategy for the Legal Ombudsman.

Best wishes

Elisabeth Davies
Chair, Office for Legal Complaints