

Legal Ombudsman
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Alan Kershaw
By email

8 November 2023

Dear Alan

In the last VA letter I started by thanking you for the Board to Board meeting. This letter must start by thanking you and LSB colleagues for coming to visit LeO at its Birmingham offices in September. We talk a lot about the growing confidence in LeO and its role in supporting not just our further improvement but also our renewed focus on learning and insight and LeO's new Strategy. This is so important across LeO's different external stakeholders and arguably none is more important than the Legal Services Board. In addition to being able to drill down in further detail on what lies behind LeO's two new draft Strategic objectives you were able to talk and have unfiltered access to LeO staff, getting a sense of the improving culture and what it feels like to work at the organisation.

In keeping with the visit, and with the changes made in the last VA letter, this letter seeks to reflect the more strategic focus being taken by the OLC Board in the assurance we receive and pass on to the LSB in turn. This mirrors a central theme of October's Board meeting: Namely. how we behave like a more strategic Board and what information we need to enable this. It was a timely chance to more explicitly set out the level of detail required by the Board going forward and included sharing reflections on what a new integrated performance report might look like. The letter therefore looks at:

1. Performance and People
2. The OLC's new Strategy
3. Additional Strategic level assurance
4. Stakeholder confidence and alliance building

Performance and people

What? LeO's operational performance continues to make progress with improvements in timeliness and PAP reduction. The first half of 2023/24 saw varied performance against published ranges with LeO ending Quarter 2 on 3,843 closures, 230 below the lower range forecast. Improvements in wait times have continued - half of LeO's customers are now resolved by early resolution with no wait time and an end-to-end customer journey time of 42 days in September; high and medium complexity wait times reduced by 125 and 257 days respectively from their peak in 2022 with wait times for highest complexity cases down to 88 days. The PAP continues to reduce on a sustained monthly basis with a 15.5% reduction from where LeO finished in 2022/23, however this is a slower rate of reduction than forecast.

Why? The progress is despite challenges resulting from the implementation of new Scheme Rules time limits (as set out in the last VA letter), higher than expected attrition (at 22.9% in September and mostly relating to recruitment by other Ombudsman organisations) and a sustained increase in demand which is counteracting and slowing PAP reduction (running at a 13% increase in contacts and 5% increase in new complaints received).

The response? LeO's Executive have continued to respond urgently, already seeing the positive impact of mitigations in Quarter 2 with increasing case flow through to Early Resolutions which will

translate into increased closures across Quarter 3. The OLC Board focused on understanding more about LeO's multi-faceted approach to address attrition, asking is there more that should be done? Assurance focused on the outcome of the pay benchmarking exercise; how Leo can build on its non-pay options including through its Employee Value Proposition; and market testing and potentially making better use of Hubs. Attrition and the difficulty in attracting suitable talent and skills remains a challenge for LeO, as it for others, and it will take some time to address this. Nonetheless LeO expects to recover the 230-closure shortfall back into the annual forecast range by the end of 2023/24 (this has already been seen for October where case closures are back within the monthly range).

The OLC's new Strategy

What? The Strategy consultation has now been signed off by the Board and it has gone out for external consultation. Whilst recognising that the Strategy does not require LSB Board approval, you have received a copy of the draft being consulted on in your pack on the OLC's Budget and Business Plan for 2024/25. Next year is the first year of LeO's new three-year Strategy so it would have felt incomplete to do otherwise.

Why? Full and early engagement has taken place across LeO staff and across stakeholders, including the LSB, in order to adopt a 'no surprises' approach and ensure buy in and support for the proposals. The OLC Chair and Chief Ombudsman hosted a 'roundtable' event to bring together key senior colleagues from across the sector. In addition, the OLC Board Performance Sub-Group (PSG) met in Quarter 2 to consider the trajectories and assumptions specifically behind the Budget and Business Plan for 2024/25 and therefore year one of the Strategy. The Board's ARAC also considered the budget setting against agreed principles at its meeting in October.

The response? The consultation will remain open until 22 December; a staff consultation meeting is planned for the end of November. Feedback from PSG has been incorporated into the trajectories. For the Budget and Business Plan and the OLC and LeO will jointly attend an LSB Board meeting to discuss this on 28 November.

Additional strategic level assurance

What? The **customer satisfaction and quality** of the complaint resolution continue to be closely monitored by the Board, including the work and outputs of the independent Service Complaints Adjudicator. LeO is working to strike the balance between efficient and timely case progression/closure and ensuring that a high level of service is delivered. The results of quality reviews undertaken in Quarter 2 remain broadly consistent with previous quarters whilst customer satisfaction surveys for cases closed in Quarter 1 show a consistent level of performance when considering those customers who are happy with the outcome of the investigation.

Why? This ensures the Board that early resolutions are not having an adverse impact on the quality of case resolution. The Service Complaints Adjudicator's mid-year report, which reflects favourably on the quality of work undertaken, also notes the risk of the team's reliance on a single point of failure at Stage 2 of LeO's process.

The response? The Board were assured by the Service Complaints Adjudicator's mid-year report noting steps have been taken to mitigate the single point of failure risk and further plans, including a full review of LeO's service complaints process, which will help ensure suitable levels of resilience. Further the feedback from upheld service complaints continues to be fed back directly to individuals and, through LeO's Quality Committee, to the wider organisation

Stakeholder confidence and alliance building

What? The focus in the last quarter has been around the development and consultation of the OLC's new Strategy for LeO. Press coverage received in both the Law Society Gazette and Legal Futures has particularly picked up on the increase in demand whilst a Challenge and Advisory Group meeting and a Service Provider Forum meeting both took place in August.

Why? LeO's conversations with stakeholders suggest that the business case for service providers in engaging with LeO's insights – an "invest to save" approach – is understood by the sector. LeO's learning and insight programme has been seen by some as being secondary to LeO's role in resolving complaints. However, this feedback was important to hear and has provided a number of reflections around how LeO ensures its messaging is heard around the value of the learning and insight as a key benefit to the sector, and as a driver in reducing the number of complaints and therefore core demand.

The response? The draft Strategy and Budget and Business Plan for 2024/25 has now been shared with all stakeholders and specific follow up meetings have been suggested. LeO will be responding to the LSB's first-tier complaints consultation and look forward to contributing to this important strand of work, where we see a core role for LeO.

I hope this Assurance letter is helpful Alan, confirming that LeO is operating in line with its approved budget. As an important part of a wider assurance suite – including the Agreed Dataset – we remain committed to ensuring that we review these and that taken together, all add value and set out clearly how LeO is performing.

Best wishes

A handwritten signature in blue ink, appearing to read 'Elisabeth Davies', with a stylized flourish at the end.

Elisabeth Davies
Chair, Office for Legal Complaints

