

<b>To:</b>	Legal Services Board	
<b>Date of Meeting:</b>	27 May 2015	<b>Item:</b> Paper (15) 24

<b>Title:</b>	The OLC and LeO Performance Risk	
<b>Work stream(s):</b>	Performance, Evaluation and Oversight	
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<b>Status:</b>	Official	

**Summary:**

The Board at its March meeting requested a paper on how the LSB might use its formal powers under the Legal Services Act 2007 (the Act) in relation to the Office for Legal Complaints (OLC) and specifically in relation to the performance of the Legal Ombudsman (LeO).

The LSB is exposed to OLC performance risk given the functions we have in the Act in relation to OLC's oversight of LeO performance and OLC Board appointments. Given the handling of complaints was a central motivation for the Act, any significant deterioration in LeO performance could cause reputational risks for both the OLC and LSB.

[REDACTED]

It is important that any use of LSB's formal powers is proportionate and targeted, especially in relation to the LSB's powers to set or direct the setting of targets for OLC. These powers have not to date been exercised by the LSB.

[REDACTED]

**Recommendation(s):**

The Board is invited to agree to the use of the LSB's powers in relation to OLC as set out in this paper; and delegate the authority to the Chief Executive to formally write to the OLC on this basis.

**Risks and mitigations**

**Financial:** None

**Legal:** The use of formal LSB powers has to be proportionate. The proposals in this paper have been developed following discussions with OLC to help ensure this.

**Reputational:** LSB is exposed to OLC/LeO performance risk as discussed recently at Board and ARAC meetings. These proposals are part of a broader strategy of OLC engagement to help mitigate this risk.

**Resource:** Limited increase in the event that LeO performance falls below the thresholds.

Consultation	Yes	No	Who / why?
<b>Board Members:</b>		X	
<b>Consumer Panel:</b>		X	
<b>Others:</b>	OLC interim CEO and interim Chief Ombudsman		

**Freedom of Information Act 2000 (Fol)**

Para ref	Fol exemption and summary	Expires
Summary: para's 3 and 5. Main paper: para's 2, 7-19 Annex A	Exemption s36. This paper is designed to promote free and frank exchange of views for the purposes of deliberation by the Board	N/A

## LEGAL SERVICES BOARD

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### The OLC and LeO performance risk

#### Purpose

1. The Board at its March meeting asked that we consider how we might use our formal powers in relation to the OLC and the performance risks of LeO.

#### Recommendation

2. [REDACTED]

#### Background

3. The OLC measures the performance of LeO through a number of Key Performance Indicators (KPIs). These are agreed annually with the LSB. The KPIs for 2015/16 are unchanged from those in 2014/15 and comprise:
  - *Timeliness*: The proportion of cases resolved within 56 days, 90 days, and six months of a consumer's first contact
  - *Quality*: Performance is tracked against a mix of quality indicators that focus on the accuracy of work and the quality of customer service provided.
  - *Unit cost*: The annual cost of the organisation averaged according to the number of cases resolved
  - *Reputation*: External, independent measurement of satisfaction levels among customers (consumers and lawyers) and stakeholders, reported on an annual basis
  - *Impact*: Annual surveys of stakeholder groups to assess their confidence that LeO is delivering their objectives and annual surveys of consumers of legal services to determine how many are aware of the Legal Ombudsman.
4. LeO's performance against these KPIs is reported on each year in their Annual Report and Accounts. Specified targets are set for timeliness and unit cost, but not for the other three KPIs.

5. The OLC and LSB meet quarterly to discuss performance against the timeliness, quality and unit cost KPIs. These quarterly meetings with the OLC over the last year have discussed how the OLC assures itself of LeO's performance and the reasons for adverse performance trends.
6. The OLC, with a newly refreshed Board, are very mindful of the need to (a) overhaul its KPI and targets regime in line with best practice and its new Strategy for April 2016; and (b) guard against the risk of performance deterioration in the meantime given the challenging context it is currently operating within. As part of its thinking about a new suite of KPIs, the OLC is particularly keen to address how to measure quality and unit cost.

7. [Redacted]

[Redacted]

8. [Redacted]

9. [Redacted]

10. [Redacted]

[Redacted]

[Redacted]

11. [Redacted]

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12. [Redacted]

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13. [Redacted]

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16. [Redacted]

17. [Redacted]

18. [Redacted]

19. [Redacted]

14.05.15

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■ [Redacted]