

Legal Ombudsman performance against LSB s.120 targets

Target	description	Target	Performance to 31 October 2015	Target met
1. Timeliness:	The number of cases resolved within 90 days (from first point of contact) must not fall below 60% in any month	90 days: 60%	<= 56 days: (148 out of 538 cases accepted in August 2015 – 28%) <= 90 days: (274 out of 575 cases accepted in July – 48%) <= 180 days: (615 out of 705 cases accepted in April 2015 – 87%) <= 365 days: (783 out of 784 cases accepted in October 2014 – 99.9%)	No
2. Unit cost:	The unit cost per case must not exceed £1,750 in any quarter This will be reported quarterly, on a rolling twelve- month basis.	£1,750	Rolling Quarter: (August, September, October) £1,903 12 month average to October 2015: £1,813	No
3. Quality:	The average satisfaction of complainants and lawyers (regardless of the outcome of the case) must not fall below 40% in any quarter.	40%	Overall satisfaction reported in the most recent independent customer satisfaction data, for cases closed to 30 June 2015: 58%	Yes

Update on September report on timeliness: As at the end of September 49% of cases accepted in June were resolved within 90 days. The LSB target of 60% was reached between day 111 and day 115 and 70% was reached on day 135.

Where any of the targets are not met, the OLC is required to provide two supplementary reports to the LSB. These are provided below:

1. The reasons for the failure to meet the 90 day time target

The failure to meet the 90 day time target remains the result of a combination of the following factors.

- a) *Technical difficulties with the Case Management System (CMS):* Intermittent performance interruptions occurred throughout September and October. Management continues to focus upon resolving these with external suppliers. The impact of earlier difficulties which were resolved in August will continue feed into the 90 day timeliness measure for at least another month.
- b) *Short terms impacts of changes to Ombudsman working practices and Ombudsman workload management:* The changes to Ombudsman working practices and workload management detailed in previous months remain. These changes are expected to improve quality and customer satisfaction and additionally to reduce both the number of cases being sent for Ombudsman decision and the time Ombudsmen are required to spend on each decision. The average “wait” for a final Ombudsman decision (what the Legal Services Act refers to as a “determination”) is now an average of around six weeks.

The application of a first in-first out approach to workload management in all but exceptional circumstances inherently limits the proportion of cases requiring an Ombudsman decision which can be resolved within 90 days. We do not expect material improvements in this measure until the longer term benefits of current initiatives take effect and until additional planned resource, currently being secured, is in place.

2. Details of timetabled remedial action proposed to bring performance back into compliance with targets.

Taking the factors identified above in order:

Technical difficulties with the Case Management System: Both the Board and the senior management at the OLC remain highly focussed on this issue and recognise that significant remains to be done work – both in terms of addressing intermittent issues with the system and with developing and improving functionality – in order to secure all the benefits and efficiencies which were envisaged from the new system.

Short term impacts of changes to Ombudsman working practices: The OLC Board supports the current working practices implemented earlier in 2015 and takes the view that they will have beneficial long term impacts both on time taken to achieve resolutions and on decision quality. The OLC Board will continue to monitor the delivery of these beneficial impacts closely but believes that it is right to accept the short-term impacts on times taken in order to achieve those benefits. Recruitment for a flexible resource pool of Ombudsmen was undertaken during October, with appointments planned to be made in early November and decisions being taken once training and orientation activities have been completed. Interviews for fixed-term ombudsman secondment opportunities have been completed. The impact of recent new spending control restrictions implemented by the Ministry of Justice on 27 October is likely to delay the implementation of these initiatives while approvals to recruit to these front line and business critical posts are obtained.

3. The reasons for the failure to meet the Unit Cost targets

The Unit Cost measure comprises all cases¹ resolved during a period divided by the total expenditure of our Legal jurisdiction activities. The fixed nature of the organisation's cost base makes the current Unit Cost measure highly sensitive to short term changes in activity volumes and the key driver in the increase in our Unit Cost is a reduction in overall demand since January 2015.

As outlined in our previous letters, since January 2015 we have seen a substantial reduction both in the number of inbound contacts² to our assessment centre and the number of complaints that we have accepted for investigation.

Expenditure in October was slightly ahead of budget due to additional expenditure on remedial case management activities, and one off audit and governance costs. Expenditure remains within budget for the year to date and is currently forecast to remain so for the remainder of the year. During the three months to 31 October 2015 we had planned to resolve 1,980 cases. Due to lower levels of cases accepted and as a result of the impacts of changes to Ombudsman working practices outlined in previous months' reports we resolved 1,565 cases in this period. The rolling three month period

¹ Cases = Complaints that we investigate, excluding any complaints which we start to investigate but find not to fall within our jurisdiction,

² Contacts = Inbound calls to the assessment centre plus complaint files created as a result of e-mails and letters.

in particular includes two months where the number of cases resolved was particularly low. This has a marked impact on the rolling three month Unit Cost measure. Year to date case volumes remain 19% below planned activity levels. Despite significantly reduced budget costs for 2015-16 this activity reduction continues to drive up the rolling 12 month unit cost measure as historically higher activity volumes fall out of the rolling 12 month period.

As remarked in previous monthly reports, the fixed costs of the organisation render the Unit Cost measure highly sensitive to these activity volume changes.

4. Details of timetabled remedial action proposed to bring unit costs back into compliance with targets.

In response to lower than anticipated activity volumes, management has deferred recruitment activity to replace investigators who leave since early 2015. Equally the OLC and Executive management have not sought to recruit *permanent* additional Ombudsman resource, instead focusing on developing a flexible pool of Ombudsman resource and using internal secondment where possible. Recruitment of a flexible pool of Ombudsman resource will reverse the build-up cases awaiting an Ombudsman decision and will provide a one off, but significant, increase in the number of cases resolved which will result in downward pressure on the Unit cost measure. The increase is not expected to have a material impact until Q4 of 2015-16. Should the impact of recent new spending control restrictions implemented by the Ministry of Justice on 27 October delay or prevent the implementation of the initiative to bring down Ombudsman decision waiting times, then this will reduce the number of cases that can be resolved and place continued upward pressure on Unit cost. Clarification has been sought on this matter.

The OLC and Executive management currently do not plan to defer or reduce non case work related expenditure designed to disseminate what we have learned and to improve the legal complaints handling system, however increased spending restrictions may further delay this activity as business cases will need to be submitted to the Ministry of Justice for approval. Should this expenditure be delayed or declined this will place downward pressure on our current unit cost measure as this measure does not differentiate between casework and non-casework activities.

The LSB is aware that the OLC and Executive management have, since late 2014, been reviewing its key performance measures in order to ensure that these remain appropriate and aligned with our strategic priorities, and more accurately reflect the performance of the organisation.