

Legal Ombudsman performance against LSB s.120 targets

Target	description	Target	Performance to 30 September 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: (187 out of 577 cases accepted in July 2015 – 32%) <= 90 days: (234 out of 478 cases accepted in June – 49%) <= 180 days: (599 out of 656 cases accepted in March 2015 - 91%) <= 365 days: (679 out of 683 cases accepted in September 2014 - 99%)	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: (July, August, September) £1,865 12 month average to September 2015: £1,797	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 August Report: Timeliness figures for August showed that 49% of cases accepted in May were resolved within 90 days. We can now confirm that for cases accepted in May, the 60% LSB target was actually reached between day 111 and day 115 and that we reached our KPI target of 70% resolution of the cases accepted in May between day 131 and 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 three main factors.

- a) *Technical difficulties with the Case Management System (CMS):* Intermittent performance issues remain together with delays to delivery of additional functionality and improvements. 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 two months.
- b) *Short terms impacts of changes to Ombudsman working practices:* The changes to Ombudsman working practices detailed in our letter of 7 August remain in place and ongoing work by Ombudsmen to improve assessors' and investigators' skills, and the quality of outcomes, also continues. This change is intended 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.

c) *Short term impacts of changes to Ombudsman workload management:* Changes to the way that work is allocated to Ombudsmen, reported in previous months remain in place. As has been highlighted in previous letters, these reduce the freedom of the OLC to manage the caseload to achieve targets. The average “wait” for a final Ombudsman decision (what the Legal Services Act refers to as a “determination”) is now around six weeks. This 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 three 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 terms impacts of changes to Ombudsman working practices: The OLC Board supports the new working practices 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 monitor the delivery of these beneficial impacts closely but believes that it is right to accept the short-term impacts on time taken in order to achieve those benefits. Recruitment of a flexible resource pool of Ombudsmen continues, with final interviews and testing taking place over the first three weeks in October, with appointments expected to be made by the beginning of November and decisions being taken soon after. This pool will be called upon to meet peaks in demand. Three 12-month fixed-term ombudsman secondment opportunities have been also made available internally. We expect these appointments to be made by the end of October and for decisions to begin being taken by the new post-holders by mid-November. In addition, we are offering overtime working to our current permanent ombudsmen.

Short term impacts of changes to Ombudsman workload management: The OLC’s position remains unchanged regarding the prioritisation of cases: as outlined in our letter of 7 September, the Board considers the resulting approach to be fairer and more robust.

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.

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

As outlined in our letter of the 7th September, over the last two years to December 2014 demand (both in terms of inbound call activity to our assessment centre and of the volume of cases accepted for investigation) was running at a level of around 8,000 complaints requiring investigation per annum. 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. Since April 2015 we have accepted 13.5% fewer complaints than we had budgeted for and this, in addition to the same issues that are affecting timeliness, has led to 19% fewer cases being resolved than we had budgeted for by this point in the year.

Expenditure in September continued to run below budget for our legal activities, despite additional expenditure on remedial case management, one off audit costs and senior recruitment activities. However low volumes of cases resolved continued to place upwards pressure on our Unit Cost measure. During the three months to 31 September 2015 we had planned to resolve just over 2,000 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 just 1,565 cases

As remarked in last month's report, the fixed costs of the organisation render the Unit Cost measure highly sensitive to these activity volume changes and variations.

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 already deferred activity to replace investigators who leave. 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. This is not expected to impact materially until Q4 of 2015-16.

Analysis of the cases accepted identified that the reduction in demand is across all areas of law, and is not specific to any one area. Further research activity is ongoing to better understand the causes of the change in demand in order to understand whether this is likely to be a temporary or structural change. The OLC has, over the last three years reduced the cost base of its legal jurisdiction from over £16 million to around £12m in 2015/16. No further changes are currently planned to the organisation's structural cost base, nor do the OLC or Executive management currently 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.

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.

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