

## Legal Ombudsman performance against LSB s.120 targets

Target description	Target	Quarter One Performance to 30 June 2015	Target met
<p>1. Timeliness:</p> <p>The number of cases resolved within 90 days (from first point of contact) must not fall below 60% in any month</p>	<b>90 days: 60%</b>	<p>56 days: (224 out of 703 cases accepted in April 2015 - 31.9%)</p> <p><b>90 days: (378 out of 662 cases accepted in March - 57.1%)</b></p> <p>180 days: (450 out of 488 cases accepted in December 2014 - 92.2%)</p> <p>365 days: (660 out of 663 cases accepted in June 2014 - 99.6%)</p>	No
<p>2. Unit cost:</p> <p>The unit cost per case must not exceed £1,750 in any quarter This will be reported quarterly, on a rolling twelve-month basis.</p>	<b>£1,750</b>	<p>Quarter: £1,726</p> <p>12 month average to June 2015: £1,709</p>	Yes
<p>3. Quality:</p> <p>The average satisfaction of complainants and lawyers (regardless of the outcome of the case) must not fall below 40% in any quarter.</p>	<b>40%</b>	<p>Overall satisfaction reported in the most recent independent customer satisfaction data, for cases closed to 31 March 2015:</p> <p><b>61%</b></p>	Yes

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 timeliness targets

The failure to meet the 90 day timeliness targets is the result of a combination of three main factors.

a) *Technical difficulties with the new Case Management System (CMS)*: The OLC began the phased implementation of a new and significantly more capable Case Management System in January. The new system will be invaluable in supporting the achievement of our strategic goals, including in increasing operational efficiency. However, a number of technical problems have arisen with the new system which are in the process of being diagnosed and resolved. Because the full range of issues was masked by the impact of the telephony issues which arose when we moved offices, these were initially believed to be teething problems and were reported as such to the March OLC Board

meeting. During the following weeks it became clear that the problems were more significant than initially thought and have a range of causes. Some are standard teething problems, some are technical issues that only came to light once the system was fully loaded with operational case volumes, whilst others result from unfamiliarity and training issues. In addition, the technology supporting a key process change introduced as part of CMS implementation is currently not functioning as intended which has impacted adversely on performance. Some of these problems have been partly or wholly resolved, but many continue to require rectification and continue to cause some disruption to our casework operations. A more detailed report on this matter was made to the OLC Board in April, with a further report to the next Board meeting in June at which meeting the Interim Chief Executive was asked to provide a regular update to future OLC Board meetings on progress to resolve the issues. The OLC's Audit and Risk Assurance Committee has also scrutinised this issue and asked the Interim Chief Executive to produce an action plan to track the various work streams. This is currently being finalised.

- b) *Short terms impacts of changes to Ombudsman working practices:* In May, the organisation changed the way that our main-grade ombudsmen work, embedding them within investigative teams to enable them to advise, guide and coach investigators, in addition to providing ombudsman decisions. This is expected to improve investigation quality and increase informal resolution rates in the long term, ultimately reducing the number of cases requiring an Ombudsman's determination. In the short term, however, a suppressed demand for this advisory activity has been unleashed, thereby reducing capacity for pure decision making. Feedback from managers and team leaders would suggest that there have been immediate quality benefits from this change but it is believed that the timeliness benefits of this change, created through a reduced numbers of cases being sent for Ombudsman decision, will begin to be realised within six months of implementation; that is by November 2015.
- c) *Short term impacts of changes to Ombudsman workload management:* 35% to 40% of cases require an ombudsman decision, so changes to the way in which the ombudsman workload is managed can have a significant impact on the timeliness targets. Prior to November 2014, management factored achievement of the 90-day time target into the way in which Ombudsman work was prioritised. This incentivised an increase in the percentage of cases resolved within the 90-day target but had the undesirable side-effect of slowing down cases over 90 days old which in some cases then waited much longer for a decision. This impacted adversely on customer service. To address this, Ombudsmen work is now generally managed on a "first in first out" prioritisation method, with other cases being prioritised only where the circumstances of the parties or the case itself warrant that. This is judged to be a fairer, and more customer-focused way of delivering our service. Whilst we know that, with regard to the length of time their case takes, customers are more satisfied if the case is resolved in under three months (60% very/fairly satisfied) than in over three months (33% very/fairly satisfied), we also know that duration of the case is only one of a range of equally weighted concerns that customers have. They are also very concerned that their case is treated with fairness, that they have confidence in our knowledge and our processes, and that they have a chance to make representations. It should, of course, not be forgotten that the factor which most influences customer satisfaction is actually the outcome of the complaint: satisfaction with our *service* is highest among parties satisfied with the *outcome* received - typically in the range c.95 – 99%, compared with c. 24 – 30% among those dissatisfied with the outcome received.

This change in practice has contributed to a reduction in our 90 day timeliness measure. A comparative analysis of the profile of Cases accepted between April and December 2014 with that of cases accepted in March 2015 has indicated that the profile up to 56 days is not significantly different, the number of resolutions in the 56 to 90 day period is lower – especially between days 75 to 90. However, extrapolation of the current case resolution profile suggests that this will follow the 2014 profile over the 180 day period but with the peak resolution point shifted to the right. We will of course monitor this closely.

## **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 are highly focussed on this issue and recognise that significant work remains to be done to secure all the benefits envisaged from the new system. As remarked above, the Audit and Risk Assurance Committee will, before their next meeting, receive an Action Plan relating to this work. The following activities have already been implemented:

- a) Additional testing and super-user support resource has been deployed to focus on fixing the ongoing issues with the new case management system.
- b) An active project is in place to focus on enabling and providing additional training for users to ensure that training and skills issues are addressed and to improve analysis and feedback on technical issues. An interim project manager has brought in to support this activity.
- c) Active additional logging of disruption has been implemented to quantify the frequency and amount of lost investigator time caused by system issues and to help to prioritise fixes.
- d) Active logging has already enabled us to identify and evidence a shortlist of key issues which are seen repeatedly and contractors are now focusing their efforts on driving forward solutions to these issues.
- e) Concerns regarding capacity and capability of the available systems support are, this week, being escalated to the highest levels with the system developer; Lockheed Martin.

Additional activities to be taken forward include the implementation of certain elements of the first phase of CMS which were afforded a lower priority as a result of a conscious decision in late 2014. Most important of these is the Portal, which will provide a self-service method for customers to contact the organisation (which will be available at all times). This is currently being finalised and is being subjected to final testing during July with a Beta release to a small group of service providers and consumers during August with a full public release subject to satisfactory testing in September or October.

*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 timeliness of resolution 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 negative impacts in order to achieve those benefits. In order

to ascertain whether these benefits are being secured the OLC will track the proportion of cases being sent for an ombudsman decisions, and the volume and proportion of “sent backs” – cases the ombudsmen are unable to determine due to a lack of information and which they return to the investigator for further work.

Undoubtedly, there remains a question as to whether these new working methods will lead to different resourcing requirements. However, the OLC is conscious that at present, the overall number of contacts and of cases resulting from those contacts is reducing and that the overall volume of cases accepted is below plan. The causes of this downward trend are being researched in order to inform our medium to long term plans. Until a clearer idea of the causes and probable duration of this decline has been obtained, the OLC is cautious about making permanent changes to its operational resourcing. The plan is instead to develop a flexible resource pool which can be called upon to meet peaks in demand or to deal with timeliness issues such as the organisation faces at present, and work is underway to begin recruitment to such a pool with the aim of carrying out interviews at the end of August.

*Short term impacts of changes to Ombudsman workload management:* Reintroducing the prioritisation approach previously used would probably, in itself, enable the OLC to meet the LSB target. It would not, however, address the longer term issues regarding efficiency and customer service which we are seeking to fundamentally address. For this reason, the OLC Board has concluded that it should focus on addressing the root cause by robustly implementing the process changes described above. The Board will, of course, monitor the implementation and the resulting impacts closely.

## Legal Ombudsman performance against LSB s.120 targets

Target	description	Target	Quarter One Performance to 30 June 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	<b>90 days: 60%</b>	56 days: (182 out of 564 cases accepted in May 2015 – 32%) <b>90 days: (370 out of 715 cases accepted in April – 52%)</b> 180 days: (326 out of 357 cases accepted in January 2014 - 98%) 365 days: (723 out of 729 cases accepted in July 2014 - 99%)	<b>No</b>
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.	<b>£1,750</b>	Rolling Quarter: (May, June, July) £1,724  12 month average to July 2015: £1,750	Yes
3. Quality:	The average satisfaction of complainants and lawyers (regardless of the outcome of the case) must not fall below 40% in any quarter.	<b>40%</b>	Overall satisfaction reported in the most recent independent customer satisfaction data, for cases closed to 31 March 2015:  <b>61%</b>	Yes

**Update on June Report: Timeliness figures for June showed that 57% of cases accepted in March were resolved within 90 days. We can now confirm that for cases accepted in March, the 60% LSB target was actually reached between day 91 and day 95 and that we reached our KPI target of 70% resolution of the cases accepted in March between day 111 and day 115.**

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 timeliness targets

The failure to meet the 90 day timeliness targets is the result of a combination of three main factors.

a) *Technical difficulties with the new Case Management System (CMS):* As reported in July, the OLC began the phased implementation of a new and significantly more capable Case Management System in January. Whilst this will be invaluable in supporting the achievement of our strategic goals, including in increasing operational efficiency, a number of technical problems arose with the new system. The most significant of these have now been systematically diagnosed and, we believe, resolved. Nevertheless, minor intermittent issues remain and management continues to focus upon resolving these. The Interim Chief Executive is overseeing production of an action plan to track the various work streams and reported progress on this to the OLC board meeting in July.

- b) *Short terms impacts of changes to Ombudsman working practices:* In May, we embedded our main-grade ombudsmen within investigative teams to enable them to advise, guide and coach investigators, in addition to providing ombudsman decisions. As reported in June, this should have beneficial effects on quality and timeliness in the long term. In the short term, however, demand for this advisory activity has reduced the Ombudsmen's capacity for pure decision making. Feedback from managers and team leaders would suggest that there have been immediate quality benefits from this change but it is believed that the timeliness benefits of this change, created through a reduced numbers of cases being sent for Ombudsman decision, will begin to be realised within six months of implementation; that is by November 2015.
- c) *Short term impacts of changes to Ombudsman workload management:* Because some 40% of cases require an ombudsman decision, changes to the management of the ombudsman workload have a significant impact on the timeliness targets. As reported last month, achievement of the 90-day time target is no longer factored into the prioritisation of Ombudsman work, which is now generally managed on a "first in first out" prioritisation method, with other cases being prioritised only where the circumstances of the parties or the case itself warrant that. This is judged to be a fairer, and more customer-focused way of delivering our service.

The above changes in practice have contributed to a decline in our 90 day timeliness measure and, during July, extended the wait for a final Ombudsman decision (what the Legal Services Act refers to as a "determination") to around five to six weeks. As a result Ombudsman decisions contributed only 5% towards our 90 day timeliness measure in for cases received in April 2015, compared to 21% in for cases received in April 2014 when the wait for an Ombudsman decision was about two weeks. These changes continue to affect our 90 day timeliness measure and are expected to do so for several months to come.

## **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 are highly focussed on this issue and recognise that significant work remains to be done to secure all the benefits envisaged from the new system. As remarked above, the Audit and Risk Assurance Committee will, before their next meeting, receive an Action Plan relating to this work. The following activities have already been implemented:

- a) Additional testing and super-user support resource has been deployed to focus on fixing the ongoing issues with the new case management system.
- b) An active project is in place to focus on enabling and providing additional training for users to ensure that training and skills issues are addressed and to improve analysis and feedback on technical issues. An interim project manager has brought in to support this activity.
- c) Active additional logging of disruption has been implemented to quantify the frequency and amount of lost investigator time caused by system issues and to help to prioritise fixes. This will remain in place over the coming months to identify ongoing issues and areas for improvement.
- d) Concerns regarding capacity and capability of the available systems support have been escalated to the highest levels with the system developer; Lockheed Martin. Ongoing dialogue is being and will be maintained until the system delivers expected functionality and levels of reliability.

As remarked earlier, the most significant issues identified by active logging have, it is believed, been systematically addressed. The number of hours lost as a result of CMS issues has fallen by 85% since active logging began. Additional activities to be taken forward include the implementation of certain elements of the first phase of CMS which were afforded a lower priority as a result of a conscious decision in late 2014. Most important of these is the Portal, which will provide a self-service method for customers to contact the organisation (which will be available at all times), and which provides an online dispute resolution capability required under the EU Directive on Alternative Dispute Resolution. These developments passed user acceptance testing during July and this functionality is being released to a Beta release to a small group of service providers and consumers during August with a full public release in September or October subject to satisfactory feedback and fixing of any issues that may arise as a result of this beta test testing.

*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 timeliness of resolution 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 negative impacts in order to achieve those benefits.

The question as to whether these new working methods will lead to different resourcing requirements remains. However, the OLC is conscious that at present, the overall number of contacts and of cases resulting from those contacts is significantly lower than in previous years and that the overall volume of cases accepted is below plan. The causes of this downward trend are being researched in order to inform our medium to long term plans. Until a clearer idea of the causes and probable duration of this decline has been obtained, the OLC is cautious about making permanent changes to its operational resourcing. The plan is instead to develop a flexible resource pool of Ombudsmen which can be called upon to meet peaks in demand or to deal with timeliness issues such as the organisation faces at present, and we are currently advertising these positions with the aim of carrying out interviews at the end of August.

*Short term impacts of changes to Ombudsman workload management:* Reintroducing the prioritisation approach previously used would probably, in itself, enable the OLC to meet the LSB target. It would not, however, address the longer term issues regarding efficiency and customer service which we are seeking to fundamentally address. For this reason, the OLC Board has concluded that it should focus on addressing the root cause by robustly implementing the process changes described above. The Board will, of course, monitor the implementation and the resulting impacts closely.