

Legal Ombudsman performance against LSB s.120 targets

Target	description	Target	Performance to 30 November 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: (175 out of 522 cases accepted in September 2015 – 34%) <= 90 days: (259 out of 536 cases accepted in August – 48%) <= 180 days: (482 out of 543 cases accepted in May 2015 – 90%) <= 365 days: (547 out of 548 cases accepted in November 2014 – 99.8%)	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: (September, October, November) £1,761 12 month average to November 2015: £1,819	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 September 2015: 55%	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 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 experienced throughout September and October continued in November with reduced impact of each individual interruption but with increased frequency of interruptions.
- 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. The average “wait” for a final Ombudsman decision (what the Legal Services Act refers to as a “determination”) remains an average of around six weeks. The numbers of cases accepted in October and November were relatively high compared to activity earlier in the year and this, combined with the reallocation of resource to ombudsman decisions is, at the end of November, leading to a wait of around 8-10 days between when we accept cases for investigation and when these are allocated to an investigator. This, combined with a number of leavers and secondments will continue to result in further downward pressure on the timeliness measures for cases accepted in November and December 2015 and is likely to continue to do so until additional resource is recruited.

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. The system supplier has been challenged to provide and has now proposed changes to improve to the infrastructure and resilience of the system. These changes have been agreed but need to be undertaken in a controlled and managed manner in order to prevent the risk of further disruption. Improved resilience is unlikely to be experienced until early 2016.

Short terms 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. Additional fixed term Ombudsman resource has been identified through the selection and appointment of four experienced investigators as Interim Ombudsmen. These individuals started their new role on 1 December. Recruitment for a flexible resource pool of Ombudsmen was undertaken during October. However authority from the Ministry of Justice is required to commit to the expenditure to appoint to these or other front line posts.

The impact of recent new spending control restrictions implemented by the Ministry of Justice on 27 October are delaying the implementation of recruitment activities while approvals to recruit to these front line and business critical posts are submitted and approval obtained. In response to the downturn in demand, executive management have not replaced investigator or assessor resource as staff turnover occurred throughout 2015. Further recruitment of investigator and assessor resource is anticipated in early 2016 to ensure that adequate resource is in place to meet demand. Timing of this recruitment activity will be subject to receipt of approval from the Ministry of Justice recruit to these currently vacant front line posts.

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.

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.

Expenditure in November was below budget and forecast. Expenditure also 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 30 November 2015 we had planned to resolve 2009 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 1,636 cases in this period. The rolling three month period in particular includes the period of September where the number of cases resolved was particularly low. This has a significant upward impact on the rolling three month Unit Cost measure. Year to date case volumes resolved remain 19% below planned activity levels due to the low numbers of cases accepted earlier in the year. Despite significantly reduced budget and actual expenditure 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.

As previously reported, in early 2015 management deferred recruitment activity to replace investigators when they left, in response to lower than anticipated activity volumes. Similarly additional Ombudsman resource is being recruited on a fixed term rather than permanent basis, using internal secondment. The increase in the number of cases resolved as a result of the appointment of additional fixed term ombudsmen is expected to occur from January 2016.

In conjunction, recruitment of a flexible pool of Ombudsman resource will assist with reversing the build-up cases awaiting an Ombudsman decision and will provide a one-off, but significant, increase in the number of cases resolved. This will result in downward pressure on the Unit cost measure. However, before the pool ombudsmen can be appointed, Ministry of Justice approval is required.

The OLC and Executive management currently do not wish to defer or reduce non-casework related expenditure designed to disseminate what we have learned and to improve the legal complaints handling system. However increased spending restrictions will delay this activity as business cases for each will need to be submitted to the Ministry of Justice for approval. The deferral of this expenditure will mitigate some of the forecast upward pressure on the current unit cost measure because our unit cost 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.

Legal Ombudsman performance against LSB s.120 targets

Target	description	Target	Performance to 31 December 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: (211 out of 655 cases accepted in October 2015 – 32%) <= 90 days: (291 out of 522 cases accepted in September – 56%) <= 180 days: (421 out of 474 cases accepted in June 2015 – 89%) <= 365 days: (480 out of 483 cases accepted in December 2014 – 99.4%)	No
2. Unit cost:	The unit cost per case must not exceed £1,750 in any quarter. Unit cost will be reported quarterly, on a rolling twelve-month basis.	£1,750 (Rolling 3 months)	Rolling Quarter: (October, November, December) £1,660 12 month average to December 2015: £1,800	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.	40%	Overall satisfaction reported in the most recent independent customer satisfaction data, for cases closed to 30 September 2015: 55%	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 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)*: Performance interruptions experienced in the last two months continued in December with reduced impact of each individual interruption but with continued interruptions.

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. The average “wait” for a final Ombudsman decision (what the Legal Services Act refers to as a “determination”) remains an average of around six weeks.

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

Taking the two 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 work remains to be done – both in terms of addressing intermittent issues with the system and with developing and improving functionality. The system supplier is currently implementing changes to improve to the infrastructure and resilience of the 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. Additional fixed term Ombudsman resource has been identified through the selection and appointment of four experienced investigators as Interim Ombudsmen. Three of these individuals started their new roles on 1 December. The fourth starts on 5 January. Recruitment for a flexible resource pool of Ombudsmen was undertaken during October however authority from the Ministry of Justice to commit to the expenditure required to appoint to these or other front line posts has not yet been obtained.

The numbers of cases accepted in October and November and December were relatively high compared to activity earlier in 2015 and this, combined with a number of leavers combined with the reallocation of resource to ombudsman decisions is now leading to a wait of around 16 working days between when we accept cases for investigation and when these are allocated to an investigator. This, combined with a number of leavers and secondments is resulting in further downward pressure on the timeliness measures for cases accepted in November and December 2015. This is likely to continue to do so until additional resource is in place.

In response to the downturn in demand in the first 9 months of 2015, executive management did not replace investigator or assessor resource as staff turnover occurred. The impact of recent new spending control restrictions implemented by the Ministry of Justice on 27 October has resulted in a delay to implementation of recruitment activities while approvals to recruit to these front line and business critical posts were submitted and approval obtained from the Ministry of Justice. Recruitment of investigator and assessor resource commenced on 6 January 2016 recruit front line resources required to meet expected demand.

3. Unit Cost

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 which have resulted in the rolling 3 month unit cost exceeding the target of £1750 per case. Expenditure in December was below budget and forecast, while operational performance in December was

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.

strong with more cases than expected being resolved in the lead up to the Christmas period. Finally the summer months where case resolution volumes were low have now fallen out of the rolling 3 months period.

As a result of these three factors the unit cost target of £1750 for the rolling 3 months was met.

