

Dr Helen Phillips
Chair
Legal Services Board
One Kemble Street
London
WC2B 4AN

25 March 2019

Dear Helen

VOLUNTARY PERFORMANCE ASSURANCE REPORT

I am writing to provide the OLC's voluntary performance assurance report following the Board meeting on 20 March 2019.

Commentary on performance

The headline points from the Board's discussion were:

- As previously reported, the build-up and age of assessment work remains a key issue; further improvements in the front-end of the process, and significantly improved performance in the General Enquiries Team, led to a substantial increase in the volume of files awaiting assessment, which has remained broadly stable since January; this, alongside improvements in the speed of ombudsman decisions, has made improving the central part of the process - investigation output - the key priority to improve flow in the year ahead. Board continued to press the Executive closely on this point, and required the executive to develop quantifiable performance targets and a clear performance trajectory for files awaiting assessment in 2019-20.
- In light of a continuing shortfall in output against the 2018-19 delivery plan, Board sought assurance about the key assumptions underpinning the 2019-20 Business Plan. The Board established that performance and productivity should continue to improve next financial year as a result of changes to the management of workloads and recruitment but that significant risks remain, in particular staff turnover.
- Board again challenged the Executive about whether its recruitment and turnover assumptions in the financial year now closing had been overly cautious; the Executive re-iterated that it had been concerned to 'taper' resources to operate within the lower budget envelope in 2019-20 given uncertainty in 2018/19 about the impact of CMC

transfer on staffing levels from April 2019. The Executive has sought to apply learning from 2018-19 in setting the 2019-20 budget by starting over establishment and seeking to recruit more aggressively in advance of future turnover.

- Nevertheless, operational resourcing risks remain high due to sickness and turnover remaining above target. The risk of further turnover is high due to increasing competition in the local labour market. Board welcomed the Executive's focus on driving work to develop a high performance culture and noted its impact on operational resourcing; and
- Board continued to take assurance from the the significant progress with modernisation and the reduction in risk exposure as a result of the expected closure of the programme by the end of March with all key, high risk deliverables completed.

The OLC Board remains concerned about performance and will not feel performance is satisfactory until there is sustainable delivery against the new KPIs. Despite an improving timeliness trajectory during 2018-19, we expect a period of consolidation of performance in 2019-20 towards sustainable and consistent performance and output as the Legal Ombudsman begins to derive the full benefits of the improvements put in place.

Performance against external KPIs

A summary of the performance to the end of February 2019 appears at Appendix 1.

Board was pleased to note that timeliness performance remains strong in all cases other than the 180 day KPI which has been adversely impacted by the closure of cases in the old case management system.

As previously noted the unit legal cost remains outside tolerance because of lower than planned closures. Steps being taken in 2019-20 to increase productive capacity will positively impact these figures. Board will continue to focus on this aspect of performance in the year ahead.

Performance against delivery plan

Overall volume performance remains behind plan and the associated business plan deliverable – as noted previously - has a red status as output will not recover within tolerance in the current financial year. The reasons remain as set out in my last letter:

- i. Lower than planned output largely reflects staffing issues, both available productive resource, and significant variation in output; and
- ii. As the Executive sought to maintain staffing at appropriate levels as we move into the new financial year without additional resources for legacy work, the combined effect of tapering and legal constraints on outsourcing casework have made short-term increases in resource very difficult to achieve.

Plans to improve performance

The OLC Board has encouraged the Executive to look at options to develop and pilot new delivery models. It has been agreed that options will be further developed for decision, although the 2019-20 budget does not provide capacity to invest in these models.

The Executive confirmed that a new team of investigators joined the organisation in March 2019 as a result of recruitment activities in the last quarter of the current financial year.

Board continued to take a level of assurance from the range of initiatives to improve performance, which include work to improve case flow by revising caseholdings, new workload management guidance that mandates case progression against milestones and performance commitments in terms of closure volumes.

As these initiatives begin to impact performance and productive capacity improves, output is expected to increase. This will ultimately reduce the volume and age of assessment to more sustainable levels.

Board has required the Executive to develop a quantifiable new strategic measure for assessment work as an important indicator of flow and the efficient operation of the new business process.

Assurance about future performance trajectory

In line with usual practice Board reviewed the future timeliness and delivery plan forecasts and confirms that further short-term fluctuations are likely before performance stabilises. Closures are in line with projected delivery and give rise to improving confidence for 2019/20.

Yours sincerely



Wanda Goldwag
Chair, Office for Legal Complaints

Appendix 1: Monthly KPI and tolerance report

Measure	KPI	Tolerance	April	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Exception report
% LEGAL cases concluded in new CMS (CEQ2a)														
90 days (low)	60%	10% off target for more than 2 consecutive months or 2 months out of 4, in any category		100%	100%	100%	89%	91%	82%	86%	84%	81%	78%	
90 days (med)	30%			100%	100%	100%	73%	61%	44%	52%	61%	57%	53%	
90 days (high)	0%			0%	0%	100%	40%	45%	0%	0%	50%	25%	33%	
180 days (low)	85%			100%	100%	100%	100%	100%	97%	99%	99%	98%	99%	
180 days (med)	80%			100%	100%	100%	100%	99%	87%	98%	92%	90%	94%	
180 days (high)	30%			0%	0%	100%	100%	100%	80%	85%	50%	75%	67%	
365 days (low)	99%			100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	
365 days (med)	90%			100%	100%	100%	100%	100%	99%	100%	100%	100%	99%	
365 days (high)	85%			0%	0%	100%	100%	100%	93%	100%	100%	75%	100%	
% LEGAL cases (all complexity) concluded (CEQ2a)														
Within 90 days	26%	10% off target for more than 2 consecutive months or 2 out of 4	11%	19%	20%	23%	32%	33%	38%	41%	45%	41%	42%	Outside Tolerance: 180 day performance continues to be impacted by the closure of historic CMS1 cases. Note: Performance against 365 day KPI has dropped below KPI but remains within tolerance as a result of the drive to close aged legacy and CMS1 cases.
Within 180 days	72%		46%	45%	34%	29%	47%	51%	56%	60%	62%	59%	64%	
Within 365 days	90%		96%	91%	92%	90%	91%	90%	89%	90%	91%	87%	86%	
% CMC cases (all complexity) concluded (CEQ2a)														
Within 90 days	60%	10% off target for more than 2 consecutive months or 2 out of 4	27%	20%	24%	29%	28%	54%	44%	65%	83%	62%	64%	
Within 180 days	90%		88%	80%	95%	93%	90%	87%	66%	86%	94%	97%	100%	
Within 365 days	100%		100%	100%	100%	100%	99%	100%	99%	99%	98%	100%	100%	
Measure	KPI	Tolerance	April	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Exception report
Turnover (PLC2a/b)														
Quarterly rolling annual turnover rate	Rolling annual turnover <12%	>3% above rolling annual target for two consecutive quarters	18.6%	17.6%	21.0%	19.7%	16.3%	17.7%	18.3%	16.6%	16.4%	15.4%	15.8%	Outside Tolerance: Turnover remains above tolerance but below current national benchmarks. This is likely to remain stable as we tackle performance in a competitive local market.
Unit Cost per case (IRE8)														
Legal all complexities – net of estates income and gross costs	£1,484-£1,563 (+1% uplift)	>£100 over target – 3 month rolling average	Quarterly actual £2,133			Quarterly actual £1,829			Quarterly actual £1,717			£1784	£1881	Outside tolerance: £301 over target of £1,580
CMC all complexities – net of estates income and gross costs	£1,137 (+1% uplift)	>£100 over target – 3 month rolling average	Quarterly actual £1,453			Quarterly actual £1,217			Quarterly actual £788			£809	£722	Note: £497 under target of £1219