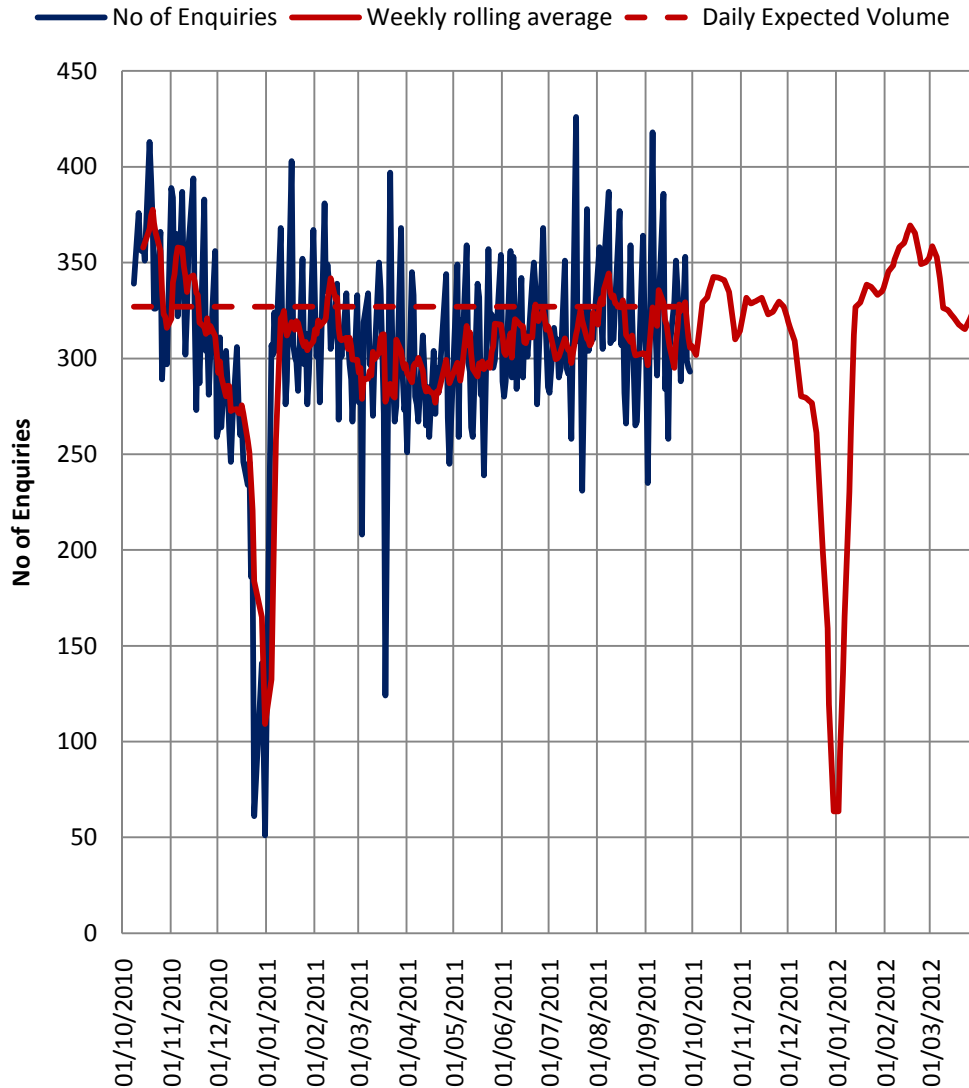


September 2011

Key Performance Measures

Contact Volume Activity - Last 12 Months



External Measure

Definition: This chart shows the daily volume of calls, letters and e-mails over the last 12 months (blue line) together with a rolling weekly average which smooths out the natural daily variations (red line). The dotted red line shows the contact volumes that were anticipated in the original business plan.

Commentary: Contact volumes continue to run at around the expected levels. While volumes remain a little below the level anticipated in the business plan this is within the expected range of activity.

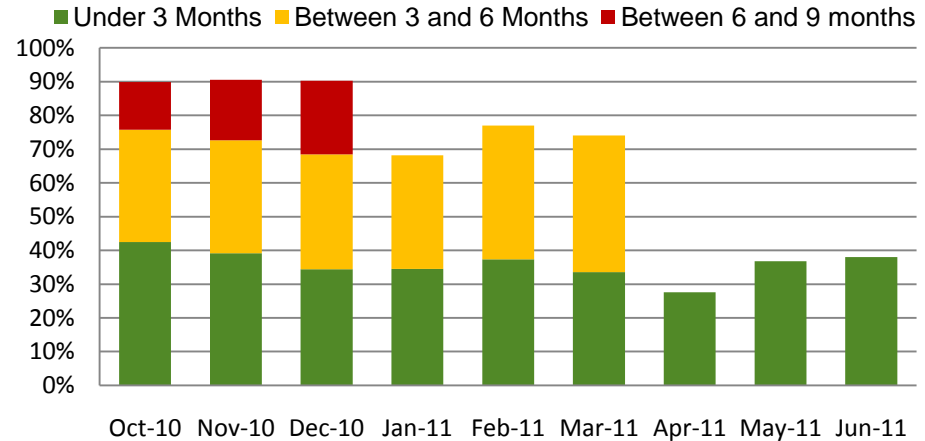
Looking forwards we have provided a simple extrapolation of the seasonal patterns experienced during the first six months of operations. This assumes that the gradual increase in contact volumes since March continues and that the effect of Christmas is broadly similar to last year.

	Q3 2010	Q4 2010	Q1 2011	Q2 2011
Service Level	82.3%	77.6%	82.3%	92.8%

KPI Measure: Timeliness

External Measure

Proportion of Cases resolved by timeframe

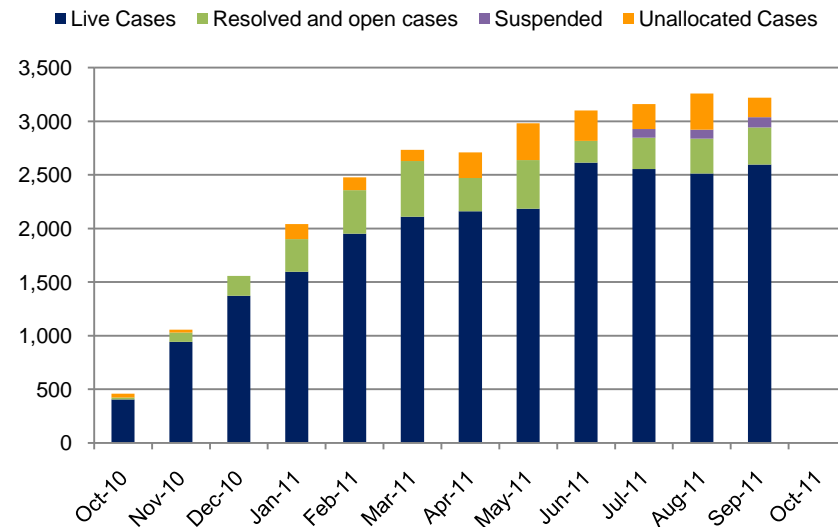


Definitions: The proportion of cases resolved by timeframe chart shows, as at the end of September 2011, the proportion of the cases which have been resolved within 3 months, 6 months and 9 months of the initial complaint being received. Once LeO has been open for longer this will extend to cases resolved after 9 months. The Work in Progress chart shows the number of live cases (actively being worked on), resolved and open cases (where an ombudsman decision or informal resolution has been achieved, but the case has not been closed in the case management system), and unallocated cases (where the case has not yet been allocated to an investigator)

Commentary: LeO is currently resolving on average 36% of cases within 3 months and on average 72% of cases within 6 months. No case is more than 1 year old. This results in the level of work in progress being higher than anticipated.

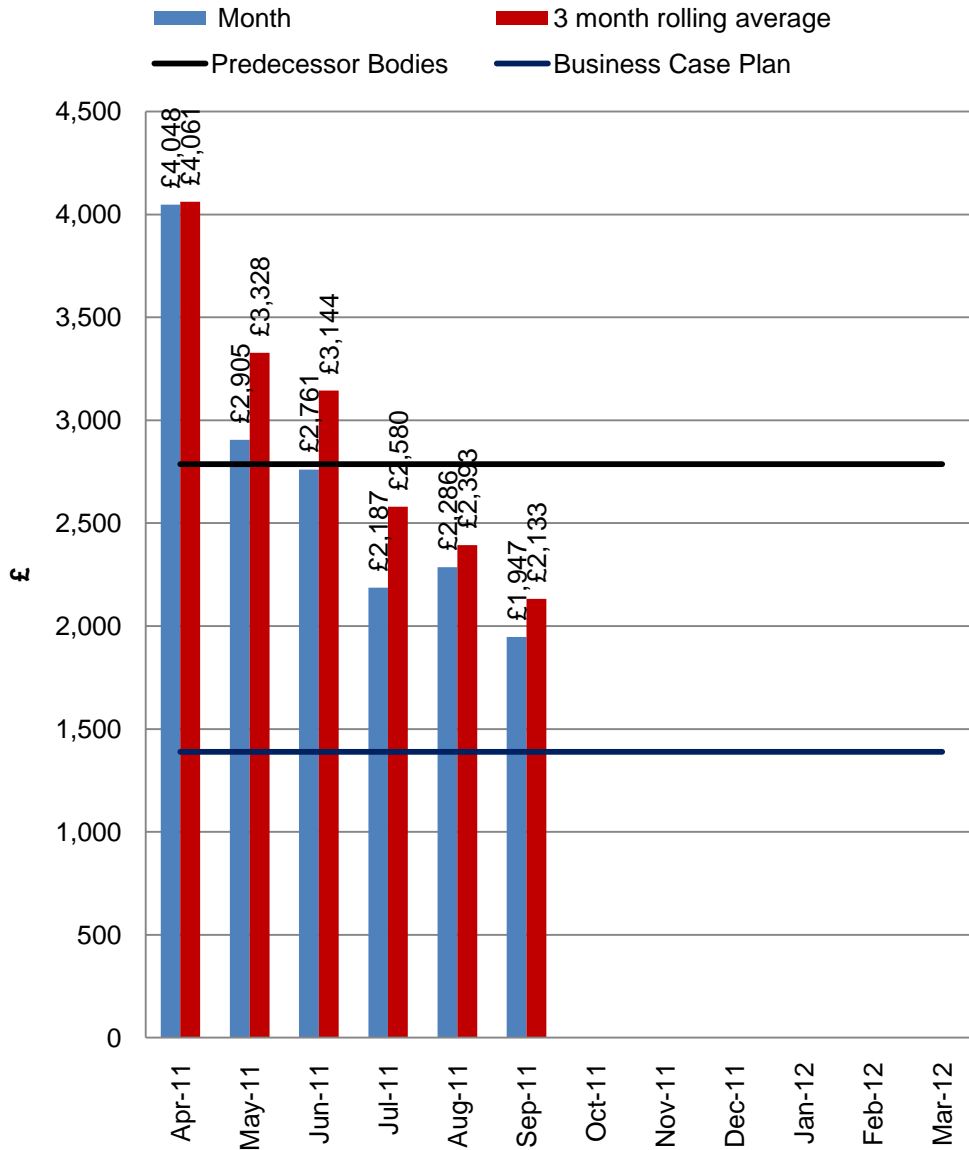
The underlying causes for the longer lead times include the experience and confidence of the new staff, teething problems with the IT systems, some teething problems with the business process (e.g. enforcement of remedies) and issues in getting complete data including interventions from the SRA. Management action to improve timeliness through review and improvement to the business process is beginning to have an impact.

Work in Progress at month end



Unit Costs 2011-12

External Measure



Definition: Unit cost is measured as the total cost of the Legal Ombudsman for the period divided by the number of cases resolved in the period. A rolling 3 month average is also used to smooth volatility in any one month.

Note - This has been restated using the External definition of a Case.

Commentary: Predecessor bodies' unit cost of £2,787 were calculated at 2005-06 prices. Restated for inflation this is equivalent to just under £3,300 in current prices.

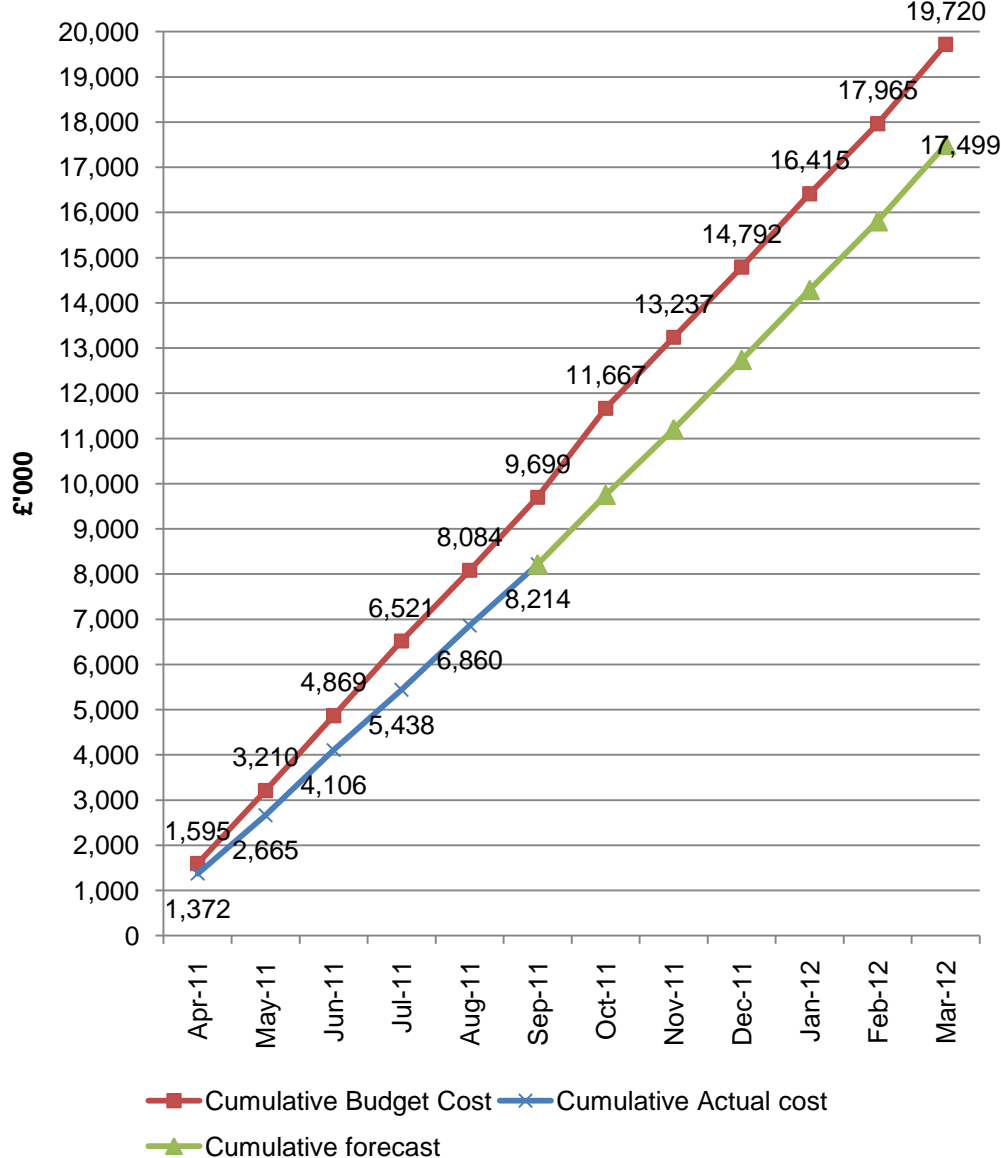
The reductions over the last 6 months is being driven by the increasing number cases resolved. September is particularly low due to the higher number of cases resolved.

Planned recruitment will increase total costs in the short term, initially putting upward pressure on unit cost.

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Actual Cost vs. Budget 2011-12

External Measure



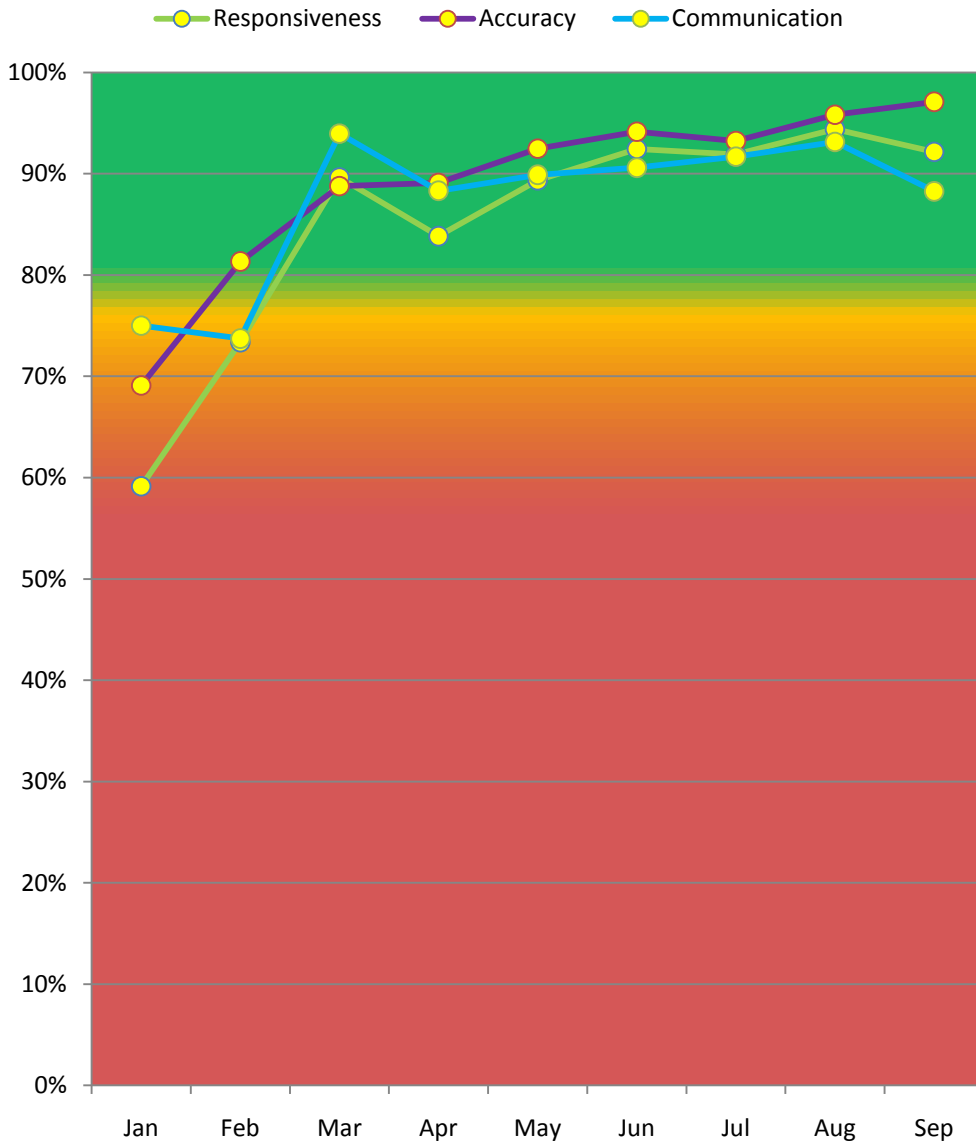
Definition: Cost is defined as the total cost of the Legal Ombudsman including all overheads and depreciation.

Commentary: We continue to run significantly below budget, principally as a result of headcount remaining below the budgeted levels.

We have updated the forecast to the end of March to reflect planned recruitment and other expenditure. This indicates a full year out-turn expenditure in the region of £17.5 million. As our case fee income is also significantly lower than budgeted this will result in a reduction of only £0.5m in the Levy Income expected from Approved Regulators for 2011-12.

The breakdown of costs vs. budget is discussed more fully in the board finance paper.

AC Call Quality by Theme



External Measure

Definition: Our call quality is monitored through the monthly review of two calls per assessor in our assessment centre, and one call per investigator when they rotate into the assessment centre.

The quality review focuses on three quality areas (Responsiveness, Accuracy and Communication). We have set a target of exceeding 80% on all areas.

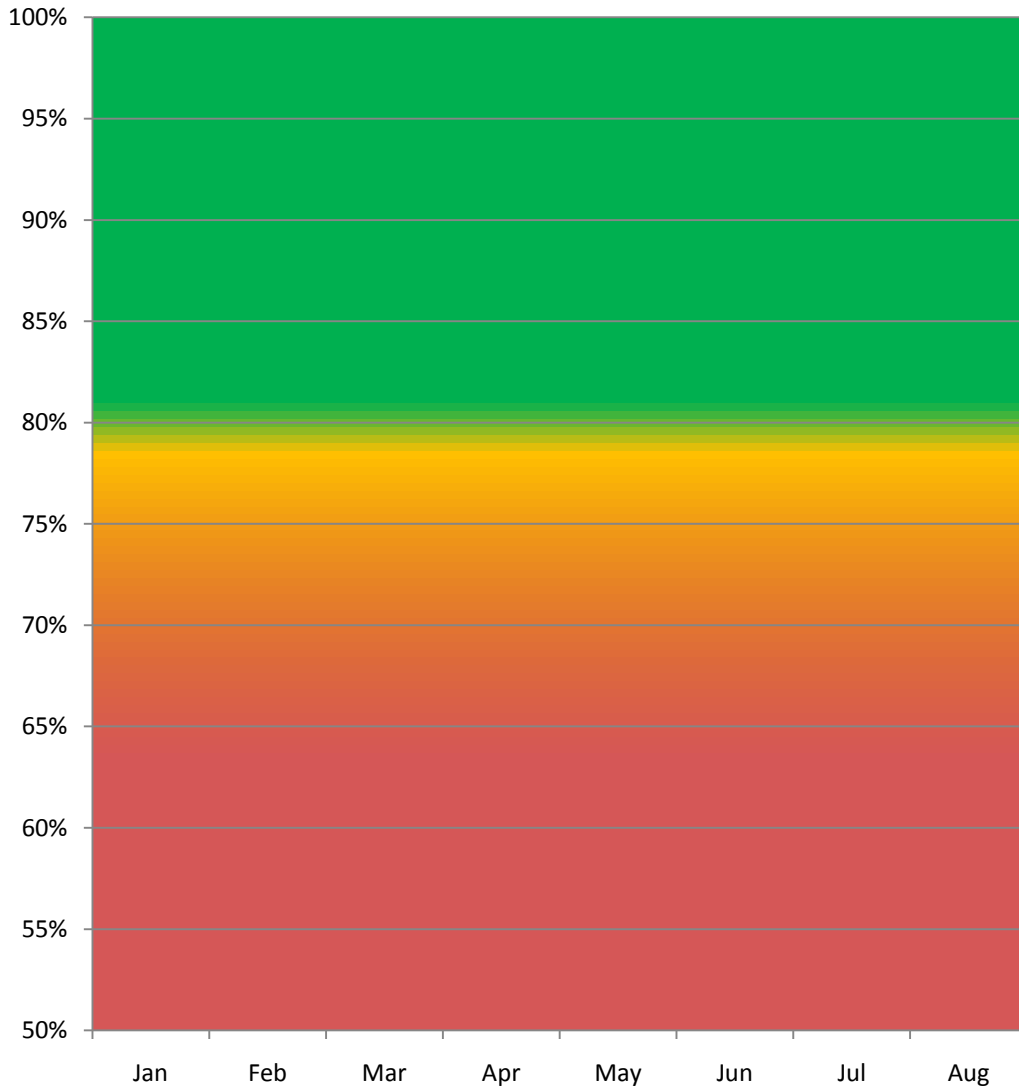
The results of the reviews are fed back to each individual so that they can identify where they need to improve and develop their skills.

Commentary: The 3 quality measure scores indicate that the quality of our performance in the Assessment centre is sufficient.

We will be reviewing the call monitoring process to seek to improve this further over the coming months.

RC Quality Themes By Month

External Measure



Definition: Our case quality is monitored through the monthly review of two resolved cases per investigator by Team Leaders.

The quality review focuses on three quality areas (Responsiveness, Accuracy and Communication). We have set a target of exceeding 80% on all areas.

Commentary: Our pilot process for case file reviews gave scores that were much higher than management believe quality to be. While we believe the review process and the feedback it provides is itself beneficial, we do not think that it is appropriate to publish the scores at this stage. We have revised the quality review forms and have re-piloted these with 3 team leaders in July and with all teams in August. Preliminary results indicate that the scoring of the new reviews is significantly more credible.

We have launched the revised quality reviews with effect from 1 October. We are also reviewing how we undertake these reviews so that, among other issues, resource constraints are avoided.



KPI Measure: Customer satisfaction

Definition: Our customer satisfaction levels will be assessed through consumer surveys over the year, and in the number and nature of complaints about us by users of the service. The results of these surveys will be summarised and the key messages identified, together with an overall assessment of what actions, if any are to be taken as a result of the findings.

Commentary: We have commissioned our initial satisfaction survey which will provide the first direct customer feedback on quality. This is scheduled to be a quarterly activity with the first report due at the end of November.

KPI Measure: Combined Quality

Definition: The definition of the combined quality measure has not yet been set

Commentary: We plan to set the definition for the combined quality measure once we have established the subsidiary measures.

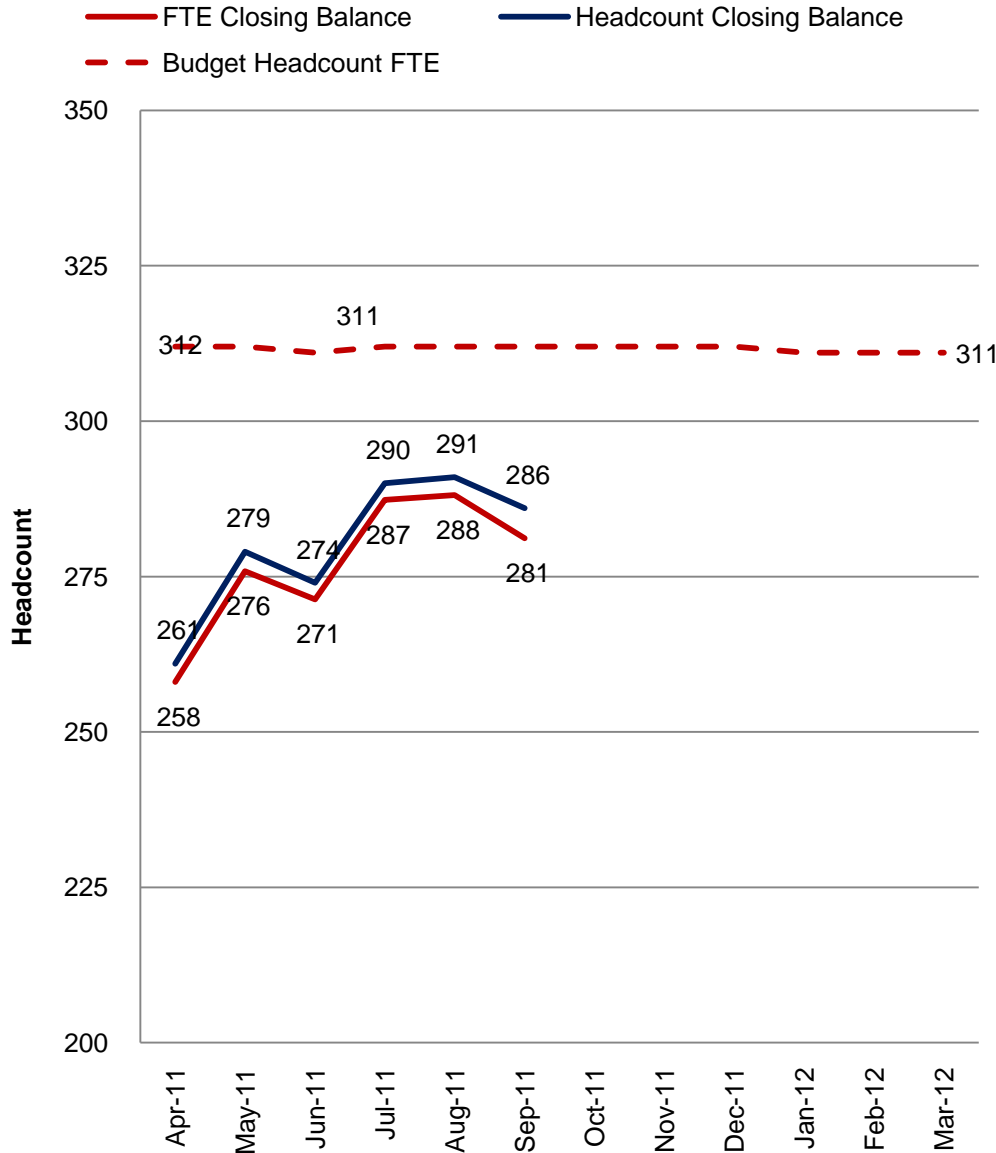
KPI Measure: Judicial Reviews and legal challenges

Definition: The number of Judicial Reviews where a decision on a case has been formally challenged and where a court date has been set.

Commentary: General Counsel has one case currently at Court where we may need to settle and estimates that a further 4-6 cases currently being challenged may get as far as Court, with most if not all failing at the permission stage. One LSO challenge was made where LeO was also added as a defendant, Permission for this case to be brought has been refused by the court, though the applicant has asked the Court to reconsider at an oral hearing

Headcount vs Budget 2011-12

External Measure



Definition: The chart shows our actual headcount in heads and as FTE heads, and compares this to our budgeted FTE heads for the financial year.

Commentary: In September we had 1 joiner and 6 leavers, all of whom were investigators.

Our headcount is 25 heads (6%) below budget, primarily in operations.

We will be recruiting permanent investigators and assessors in September and October to start at the end of 2011. This will maintain sufficient operational resources to meet demand and to replace leavers. Should we be able to find enough suitable candidates we may, at this stage, exceed budgeted headcount. This will allow for ongoing staff turnover. We would expect in this scenario to have returned to budget headcount levels by the end of March 2012.