

To:	Board	
Date of Meeting:	30 November 2011	Item: Paper (11) 84

Title:	Process for LSB to Review OLC Performance	
Workstream(s):	Workstream 3A	
Author / Introduced by:	Karen Marchant, Corporate Affairs Associate, Karen.Marchant@legalservicesboard.org.uk / 020 7271 0054 Julie Myers, Corporate Director Julie.Myers@legalservicesboard.org.uk / 020 7271 Ext. 0059	
Status:	Protect	

Summary:
<p>Under the Legal Services Act 2007 (the Act) and the Memorandum of Understanding (MoU) between the Office for Legal Complaints (OLC) and the Legal Services Board (LSB), the Board monitors the OLC's performance and may set the OLC performance targets. A process for monitoring the performance of the OLC, which the MoU requires be managed at Board level, has been agreed by Board Member Steve Green and OLC Board Member Tony Foster.</p> <p>This paper sets out the background to development of the process, as well as the process itself. The quarter two performance report for the Legal Ombudsman (Annex B) and the OLC's assessment of that performance (Annex A) are attached. In future, the performance reports and accompanying narrative will be shared via the electronic Board update. If any exceptional matters come to light which require explicit Board discussion, these will be brought to the next available Board meeting.</p>

Recommendation(s):
<p>The Board is invited:</p> <ul style="list-style-type: none"> to note the process for considering the OLC's reports of LeO performance to note LeO's quarter 2 performance report, the OLC's assessment of it and follow-up remarks.

Risks and mitigations	
Financial:	N/A
Legal:	N/A
Reputational:	N/A
Resource:	N/A

Consultation	Yes	No	Who / why?
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Board Members:	X		Steve Green
Consumer Panel:			The Legal Services Consumer Panel Manager has seen a draft of the paper for information.
Others:			

Freedom of Information Act 2000 (Fol)		
Para ref	Fol exemption and summary	Expires
Annexes	We will invite OLC/LeO to comment on publication of information in accordance with the LSB's Publication Scheme.	

LEGAL SERVICES BOARD

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Process for LSB review OLC Performance

Background

1. This paper sets out the process to assure the Board that the OLC's management of Legal Ombudsman performance is sufficiently robust. This is important for the Board in two respects:
 - in order for the LSB to consider when it may be appropriate for the LSB to set the OLC targets or direct such targets to be set; and
 - to inform the decision (due in February 2012) to agree the OLC's budget.
2. Under section 21 of the Act, the Board "may set one or more performance targets relating to the performance by the OLC or any of its functions" and "may take such steps as it regards as appropriate to monitor the extent to which any performance target set under this section is being, or has been, met."
3. The MoU between the LSB and OLC further states that, "performance targets will be set by the OLC following consultation with the LSB both about their form and content."

Activity to date

4. At its meeting on 30 September 2010, the Board agreed to the OLC reporting to the LSB on a quarterly basis against indicators of (a) timeliness – the percentage of complaints within jurisdiction resolved within three months; (b) cost efficiency – the total cost of considering a complaint, calculated by dividing the total cost of the organisation by the number of cases resolved; (c) quality – scores on timeliness, customer service and accuracy of decision-making; and (d) satisfaction – to be determined using both annual surveys and quarterly research on feedback (Paper (10) 64 refers). The Board was clear that rather than see a combined quality indicator, it would wish to see performance against each indicator separately.
5. As follow-up to a joint meeting of the OLC and LSB, held in December 2010, it was agreed that the precise format and process for the OLC reporting to the LSB about LeO would be discharged by Steve Green and OLC Board Member, Tony Foster. During 2011, Steve and Tony have met three times – in March, May and October.
6. The March meeting saw the development of the 'sub-set' of the performance information that the OLC would share with the Board. The May meeting led to the development of the report in time for the first quarterly report of LeO KPI performance to be provided to the Board by email in July. The October discussion was focused on a summary of the proposed targets for LeO in 2012/13.

7. It is fair to say that LeO processes for measuring quality have taken longer to bed down than the other indicators. We have not yet seen the outcome of performance against quality indicators for case file reviews as LeO had been piloting a process which gave scores that were much higher than management believe quality to be and therefore have not yet shared scores. Quality measures for the assessment centre are being measured and an improved process for the Resolution Centre and Ombudsmen decisions are being developed. When we met the OLC in October, Steve Green highlighted the need to provide appropriate commentary to the LSB about the quality targets in particular. OLC/LeO reported at that meeting that they were confident that they would have the measure fully in place by April 2012.

Process

8. In line with the MoU, the focus of the reporting arrangements is to assure the LSB that the OLC is effectively managing the performance of LeO. Therefore, the quarterly reports consist of Legal Ombudsman's performance against the agreed indicators as well as a report from Tony Foster about the OLC's assessment of the report, highlighting any concerns and questions raised during the OLC's discussion of the report.
9. We received the quarter one performance report in July and it was provided to the Board by email only (on 11 August 2011).
10. We received the quarter two report (**Annex A**) and OLC's assessment of it (**Annex B**) on 24 October. Steve Green has reviewed the report and assessment and commented as follows to the OLC via Tony Foster:
 - Commended the way in which the process is working.
 - The likely expectation that as part of the budget approval process, the Board will want assurance that OLC can demonstrate that it has thought through the potential consequences should the trends observed continue into the medium to longer term.
 - Querying the low conversion rate from contact to acceptance, despite increasing numbers of calls.
 - Surprise that there did not appear to be anything in the LeO report about the 40% of decisions going to ombudsman (against a start-up estimate of 10%), as it was clear from the OLC's commentary that the point was raised. We believe that this point is emerging as a significant strategic issue and will be able to update colleagues at the meeting.
 - The likely expectation that the Board will want to understand any change to the presentation of the timeliness targets.
11. It is proposed that in future, the Board will only receive the quarterly reports at Board meetings by exception. Otherwise, the Board will be provided with the reports and any supporting comments from Steve Green and the Executive in the Board email updates. The Board will be invited to provide any comments by email

to feedback to the OLC.

12. Steve Green and Tony Foster will meet again towards the end of January/early February 2012 to discuss both risk management and the recommended KPIs. This will also help to inform the Board's subsequent review of the OLC's budget.
13. The Board should note that this process does not equate to our using our S.121 power to set or direct the setting of targets for OLC performance.
14. In their business plan, which is currently out for consultation, LeO has stated that it will begin reporting its performance against targets along with publishing statistical information from April 2012.

Recommendation

15. The Board is asked to note and agree the process for considering the OLC's report of Legal Ombudsman performance outlined above and provide any comments.
16. The Board is also asked to note LeO's Quarter 2 performance and the OLC's assessment of it.

List of Annexes:

- Annex A – OLC Commentary of KPIs
- Annex B – OLC KPI Report