

Meeting	OLC Board Meeting	Agenda Item No. Paper No.	5 92.5
Date of meeting	10 December 2018	Time required	30 Minutes

<i>Title</i>	Monthly update on performance against tolerance – November 2018
<i>Sponsor</i>	Rob Powell, Chief Executive
<i>Status</i>	OFFICIAL
<i>To be communicated to:</i>	Members and those in attendance

Executive summary
<p>This paper summarises the position against KPI tolerances at the end of November 2018 and provides an overview of operational performance for the period.</p> <p>The position on tolerances reported quarterly is unchanged. For the monthly reported tolerances we have 3 breaches of external KPIs and 2 Strategic Board Measure breaches, all of which are consistent with our previous position.</p> <p>Volume performance remains the significant issue, impacted by both performance variation and available productive resource, both of which are actively being addressed within our budgetary constraints. Timeliness is still within tolerance, excluding the legacy impact on 180 days.</p> <p>The paper provides a brief overview of operational performance and details that and of performance against tolerances are set out in the Appendices.</p>
Recommendation/action required
Board is asked to NOTE the report

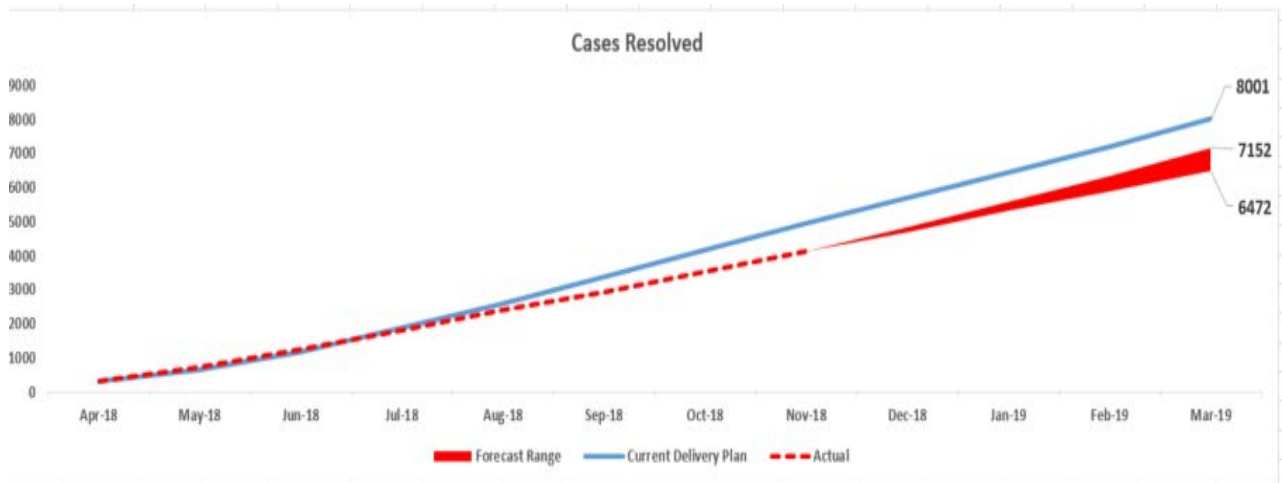
Interim Operational Performance Report (November - Q3 2018/19)

1. Introduction

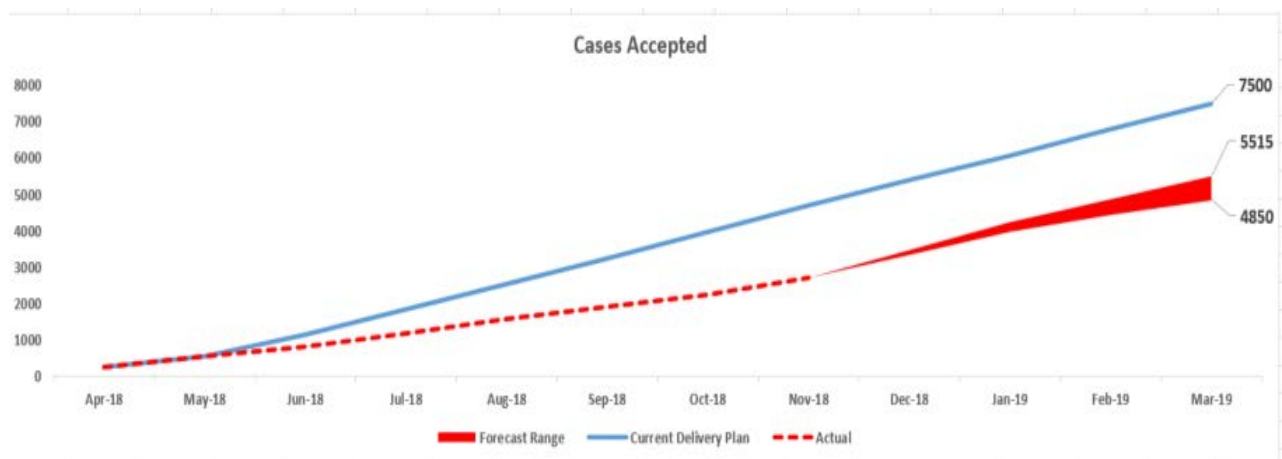
- 1.1. This paper provides an interim update on performance at the end of November.

2. Performance Headlines and Analysis

- 2.1. The key areas for Board oversight are the current impacts of the positive work at the front end, resulting in increased volumes of files awaiting assessment, and the productive FTE resource available to deliver. These, when coupled with the need to drive consistent levels of performance across the business, which also has the potential to impact available resource, are resulting in the performance profile seen within this report.
- 2.2. Overall, the per person variation in performance in BAU is reducing and timeliness is on target, excluding the impact of legacy on 180 days. However, the impact of driving the high performance culture work, combined with long term sickness and the need to maintain establishment at appropriate levels for next year means that the available resource has not achieved expected levels and as a result, even if individuals were performing as required, the current planned closure profile would not be achievable.
- 2.3. In addition, November has seen the impacts of the previous quarters lower productive FTE, combined with the switch over of all cases to CMS2, which particularly impacted the legacy team in month.
- 2.4. Volume performance through Q3 to date has been poor, with a total of 1185 closures against a target of 1584. Overall performance year to date is 4104 closures against plan of 4953. Legacy closures dropped slightly in Q3 to 264 against a plan of 340 however legacy delivery plan remains on profile. Appendix 1 has the month by month breakdown.
- 2.5. The graph below shows planned performance at full establishment and at expected level of 6 closures per person per month in blue. The red line shows actuals and then the reprofiled plan based on current active FTE levels. The red delta demonstrates the expected 6 per person vs. the actual per person closure rates.



2.6. Cases accepted for investigation were 344 in October and 474 in November respectively. November was the first month where takes exceeded BAU closures and shows the positive impact of the changes already put in place.



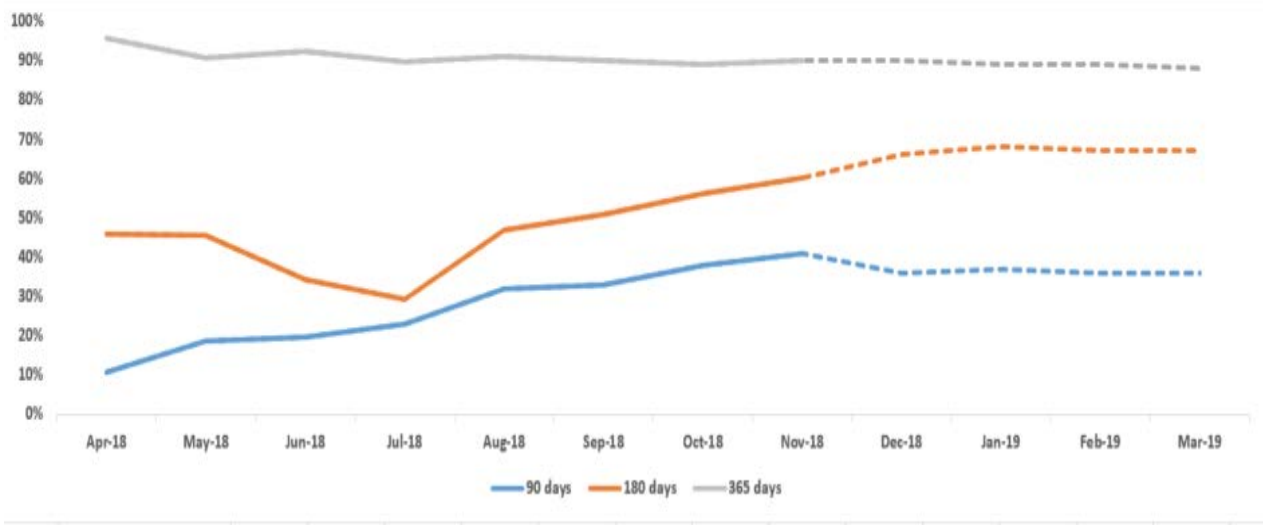
2.7. The assessment unallocated queue has also grown to 2600 although the average wait time remains consistent at around 46 days. The contact breakdown for assessment files is included at Appendix 1.

2.8. Performance in terms of closures and thus progressing new work has been impacted by:

- **Dual Running:** The concurrent use of two different systems impacted performance up until end November, when the case transfer work was effectively completed. It is estimated that at its peak it cost approx. 5 FTE /month, excluding legacy training time.
- **Call Overflow:** Between April and August (when overflow was withdrawn) the impact on performance was approx. 5-6FTE per month.
- **New Starters:** New starters take at least six months to reach full capacity – the lag time for case build up, plus subsequent investigation impacts on closure profile.

2.9. All of these impact case closures in the following quarter, due to the closure profile – thus the additional reduction in productive FTE by these issues has impacted closures in Q3, despite the issues having been responded to effectively.

2.10. Timeliness for cases accepted after April 2018 remains strong against all KPIs but overall performance specifically against the 180 KPI continues to be impacted by the age profile of CMS1 cases (both legacy and BAU).



2.11. Performance both in terms of takes and the assessment unallocated is a result of:

- reduced FTE and closures
- ineffective application of the “pull system”
- increased capacity in GET

2.12. The issues relating to levels of closures are being addressed by ongoing investigator level recruitment and, in due course, by the re-integration of Legacy and CMC staff.

2.13. Performance variation across the investigator community is now the subject of close weekly scrutiny due to improved MI and data. Work is also being done to reprofile both investigator and L1 ombudsman caseholdings and expectations on case progression.

2.14. Legacy’s efforts and work being done to progress the historic CMS1 high complexity cases will mitigate the adverse impact of these cases on overall timeliness performance.

2.15. Work done to fully resource GET and the introduction of CAT has improved the customer experience at the very start of the process and has also improved the quality of cases going for investigator assessment.

- 2.16. Although there is still work to be done to address variable performance and output, the level of service received by our customers now, compared to pre modernisation, will already be significantly improved and will continue to improve through the year.
- 2.17. Ongoing recruitment and the return of Legacy and CMC staff will ensure that the business is able to start 2019/20 at establishment with trained staff.
- 2.18. The plans that are now in place will mitigate the delay experienced by customers who approached LeO pre-modernisation and will ensure, where possible, that those historic cases are progressed to closure before the end of the financial year.
- 2.19. The reprofiling of investigator and L1 Ombudsman caseholdings will have a quick positive impact on the size of the assessment unallocated, reducing wait time and therefore improving customer experience.

Appendix 1

Delivery Plan:

Delivery Plan - Cumulative	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19
Cases Accepted	270	570	1150	1860	2550	3250	3990	4710	5390	6080	6780	7500
Cases Resolved	303	650	1156	1880	2584	3369	4169	4953	5677	6424	7191	8001
Actual cumulative	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19
Cases Accepted	251	538	821	1183	1576	1899	2243	2717				
Cases Resolved	324	733	1241	1790	2412	2919	3532	4104				

Assessment work by source and outcome:

Total files created in November	4114
Initial Method of Contact - CAT	386
Initial Method of Contact - Complaint Form	121
Initial Method of Contact - Email	617
Initial Method of Contact - Live/Web Chats	77
Initial Method of Contact - Phone	1774
Initial Method of Contact - Post	229
Initial Method of Contact - None	910
Closed - Awaiting correspondence	222
Closed - Awaiting further information	549
Closed - Blank complaint form request	8
Closed - Consumer - general guidance	347
Closed - Contacted in error	158
Closed - Duplicate Case	13
Closed - Lawyer - general guidance	27
Closed - Out of jurisdiction	109
Closed - Premature	1122
Closed - Seeking legal advice	47
Closed - Signposting	675
Number of files closed prior to investigation	3277
Number of files transferred for assessment in month	734
Number of files assessed and accepted for investigation	103

Please note – the CAT numbers in executive report span a different period. CAT figures above are complaint forms from that source not initial CAT contacts.

Appendix 2 Monthly KPI and tolerance report

External KPIs

Measure	KPI	Tolerance	April	May	June	July	Aug	Sept	Oct	Nov	Tolerance exception report/additional info
% LEGAL cases concluded in new CMS (CEQ2a)											
90 days (legal – 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%	
90 days (legal – med)	30%			100%	100%	100%	73%	61%	44%	52%	
90 days (legal – high)	0%			0%	0%	100%	40%	45%	0%	0%	
180 days (legal - low)	85%			100%	100%	100%	100%	100%	97%	99%	
180 days (legal - med)	80%			100%	100%	100%	100%	99%	87%	98%	
180 days (legal - high)	30%			0%	0%	100%	100%	100%	80%	85%	
365 days (legal – low)	99%			100%	100%	100%	100%	100%	100%	100%	
365 days (legal – med)	90%			100%	100%	100%	100%	100%	99%	100%	
365 days (legal – high)	85%			0%	0%	100%	100%	100%	93%	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%	Outside Tolerance 180 days: Timeliness continues to be impacted by the age of historic CMS1 cases both legacy and BAU. Legacy continue to make good progress against plan. Improved MI provides greater oversight of progression issues and additional Ombudsman progression intervention is available for all outstanding historic BAU CMS1 cases.
Within 180 days	72%		46%	45%	34%	29%	47%	51%	56%	60%	
Within 365 days	90%		96%	91%	92%	90%	91%	90%	89%	90%	
% 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%	
Within 180 days	90%		88%	80%	95%	93%	90%	87%	66%	86%	
Within 365 days	100%		100%	100%	100%	100%	99%	100%	99%	99%	

Measure	KPI	Tolerance	April	May	June	July	Aug	Sept	Oct	Nov	Tolerance exception report/additional info
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%	Figures not available	Outside tolerance: We are actively managing performance and probation and this is a significant factor resulting in a turnover rate higher than tolerance, which we forecast may continue into Q4. We are also losing staff because of workload and career aspirations in an increasingly competitive local recruitment market. Our new employee value proposition, reward and recognition changes and flexible working are further mitigations.
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 £2,121 £550 variance			Quarterly actual £1,717 £146 variance		£1,718 = 3 month rolling average	£1,789 = 3 month rolling average	Outside tolerance: Over the 2018-19 financial year we will move within tolerance by delivering closures in line with our delivery plan which anticipated a ramp up during the year. Should delivery remain lower than delivery plan, we would have to consider reducing costs to revert to unit cost. Note - changes to reported Q1 & Q2 figures due to cases that were closed being reopened	
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 £234 variance			Quarterly actual £1,217 £2 variance		£1,110 = 3 month rolling average	£1,131 = 3 month rolling average	This KPI was out of tolerance Quarter ending June but has recovered since.	

Strategic Board performance measures

Measure	Tolerance	April	May	June	July	Aug	Sept	Oct	Nov	Tolerance exception report/additional info
Work in Progress										
Legacy team remaining work in progress – within 10% of plan – (CEQ2e)	>10% off plan for more than 2 consecutive months	1,760 (ahead of plan)	1,616 (ahead of plan)	1,468 (ahead of plan)	1,343 (ahead of plan)	1,225 (ahead of plan)	1,105 (ahead of plan)	1,049 (plan of 997: 5% off plan)	907 (plan of 827: 9% off plan)	
Current work in progress – LEGAL by case complexity – within 10% of plan (tolerance > 20% variation to plan for more than 2 consecutive months) – (CEQ2f)	>20% variation to plan for more than 2 consecutive months	Actual 1,664 Plan = 1,522 Var = 8.5%	Actual 1,689 Plan = 1,550 Var = 8.9%	Actual 1,635 Plan = 1,736 Var = 5.8%	Actual 1,579 Plan = 1,897 Var = 16.7%	Actual 1,709 Plan = 2,097 Var = 18.5%	Actual 1,780 Plan = 2,172 Var = 18.0%	Actual 1,773 Plan = 2,282 Var = 22.3%	Actual 1,692 Plan = 2,388 Var = 29.1%	Outside of tolerance: As figures are taken at month end, the focus on case closures is reflected in the overall drop in WIP. New MI providing greater visibility of caseholding issues and improve flow of caseholding. Planned reprofiling of caseholdings should help bring back within tolerance.
Current work in progress – CMC – (CEQ2f)		Actual 535 Plan = 535 Var = 0%	Actual 474 Plan = 606 Var = 21.79%	Actual 386 Plan = 625 Var = 38.24%	Actual 323 Plan = 655 Var = 50.69%	Actual 315 Plan = 657 Var = 52.05%	Actual 258 Plan = 490 Var = 47%	Actual 346 Plan = 511 Var = 32.3%	Actual 309 Plan = 518 Var = 40.3%	
Monthly/quarterly variance between legal cases accepted and closed, by complexity <5% (tolerance > 10% variance for more than 2 consecutive months) – (IRE5)	High	-44%	-12%	-25%	-389%	-10%	-217%	-381%	-82%	Variance for all complexities continues to be caused by closing more files than are being accepted for investigation due to different weighting in case values by complexity. Revisions to weighting and caseholdings are being launched which will start to address the variance. Increased focus on investigator caseholdings and application of the pull system showing marked reduction in variance for Medium and Low complexity cases
	Medium	-79%	-75%	-79%	-85%	-58%	-56%	-63%	-26%	
	Low	-22%	-100%	-127%	-60%	90%	-44%	-61%	-11%	

Measure	Tolerance	Apr	May	June	July	Aug	Sept	Oct	Nov	
Budget Variance		Q1			Q2					
<1% variance against forecast – IRE9	Variance <2%	Legal 11%, CMC 16%			Legal % to forecast YTD 1.6%; CMC % to forecast YTD 1.2%	Legal YTD 2.1% underspend ; CMC YTD 1.0% overspend	Legal 2.5% under* CMC 6.1% under*	Legal 0.3% under YTD* CMC 1.3% under YTD*	Legal 0.98% under YTD* CMC 2.7% over YTD*	We are reporting YTD against the Q2 reforecast.
Quality		Q1			Q2			Q3		
<10% of tasks and decisions sent back by Ombudsman LEGAL (IRE7)	>10% above target	5.2%			8.7%	7%	8%*	6%	7%	
<10% of tasks and decisions sent back by Ombudsman CMC (IRE7)	>10% above target	1.4%			3.4%	10%	7%*	10.7%	6%	

*Q2 figures