

How Ombudsman offices are bringing
key performance indicators to life

Using Key Performance Indicators to improve outcomes and services

Mary White, Western Australian Deputy Ombudsman

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Outline of presentation

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Purpose of the presentation

This presentation provides an overview of how the Western Australian Ombudsman uses key performance indicators (KPIs) to improve outcomes and service delivery and the results achieved through setting and monitoring KPIs.

Why have key performance indicators

Legislative Framework in Western Australia (TI 904)

Performance information, including KPIs:

- **Assist stakeholders and interested parties** such as government, Parliament and the community to assess:
 - Agency performance in achieving desired outcomes; and
 - Obtaining value for public funds from services delivered.
- **Assist agencies to understand their own performance** by:
 - Facilitating strategic planning;
 - Enhancing resource management; and
 - Highlighting areas for improvement.

Why have key performance indicators

Legislative Framework in Western Australia (cont)

- KPIs must be approved by the Under Treasurer and must:
 - Be relevant, appropriate and fairly represent indicated performance;
 - Provide a substantial overview of the operations and material expenses of the agency; and
 - Be submitted to, and audited by, the Auditor General and be clearly identified in the annual report as the audited KPIs.
- KPIs must be reported against set targets in Budget Papers and Annual Reports enabling stakeholders, in particular Parliament, to assess agency performance against outcomes and service delivery.

Why have key performance indicators

Key benefits of KPIs for our Office

Our experience is that meaningful KPIs enable us to:

- Report to Parliament on our performance.
- Maintain a focus on our key strategic direction.
- Enable benchmarking over time and with like agencies.
- Monitor trends and determine the impact of, and adjust for, factors such as increased complaints or new functions.
- Provide consistent external reporting of audited indicators.
- Continuously improve processes to achieve results.
- Give staff direction and a sense of achievement.

Why have key performance indicators

Internal early warning indicators

- KPIs for external reporting are, by their nature, high level and focused on agency level outcomes. This means:
 - ‘What gets measured, gets done’ is a benefit but may have the unintended consequence of insufficient focus on other important performance areas; and
 - High level KPIs show ‘end of line’ results and may not allow for early intervention to correct emerging problems for service delivery.
- Internal early warning indicators enable us to monitor a wider range of important performance areas and to give early warning of potential problems in meeting KPI targets.

Our Performance Management Framework

Western Australian Ombudsman Performance Management Framework

Desired Outcomes of the Ombudsman's Office

The public sector of Western Australia is accountable for, and is improving the standard of, administrative decision making, practices and conduct.

Key Effectiveness Indicators

- The percentage of recommendations accepted by public authorities.
- The number of improvements to practices or procedures as a result of Ombudsman action.

Service Provided by the Ombudsman's Office

Resolving complaints about the decision making of public authorities and improving the standard of public administration.

Key Efficiency Indicators

- Percentage of allegations finalised within 3 months.
- Percentage of allegations finalised within 12 months.
- Percentage of allegations on hand at 30 June less than 3 months old.
- Percentage of allegations on hand at 30 June less than 12 months old.
- Average cost per finalised allegation.
- Average cost per finalised death review notification.

Our Key Performance Indicators

KPIs need to cover a broad range of functions and to be high level. Budget targets and actual results are reported in:

- Our **Budget Papers**.
- Our **Annual Report** which must include KPIs as set out in the Budget Papers (and audited by the Auditor General), and may include other indicators.

Our Key Performance Indicators

Annual Report 2012-13

2012-13 Annual Report - Key effectiveness indicators

Key Effectiveness Indicators	2008-09	2009-10	2010-11	2011-12	2012-13 Target	2012-13 Actual
Of allegations where the Ombudsman made recommendations to improve practices or procedures, percentage of recommendations accepted by agencies	100%	100%	100%	100%	100%	100%
Number of improvements to practices or procedures as a result of Ombudsman action	29	49	57	96	100	72

Our Key Performance Indicators

Annual Report 2012-13

- Narrative on key effectiveness indicators included:
 - In 2007-08, the Office commenced a program to ensure that its work increasingly contributed to improvements to public administration... The number of improvements... as a result of Ombudsman action, has risen significantly since the commencement of the program but there may be fluctuations from year to year.
 - For the fifth consecutive year, public authorities have accepted every recommendation made by the Ombudsman.
- The Annual Report also referred to the important role of the Ombudsman to enable remedies to be provided and that there were 139 actions to provide a remedy in 2012-13.

Our Key Performance Indicators

Annual Report 2012-13

2012-13 Annual Report - Key efficiency indicators

Key Efficiency Indicators	2008-09	2009-10	2010-11	2011-12	2012-13 Target	2012-13 Actual
Percentage of allegations finalised within three months	82%	82%	78%	72%	85%	83%
Percentage of allegations finalised within 12 months	96%	99%	96%	99%	99%	99%
Percentage of allegations on hand at 30 June less than three months old	71%	63%	68%	45%	70%	94%
Percentage of allegations on hand at 30 June less than 12 months old	96%	97%	98%	99%	99%	96%

Our Key Performance Indicators

Annual Report 2012-13

- Narrative on timeliness included reference to improvements over the last year including:
 - Allegations finalised within 3 months improved from 72% to 83%;
 - Allegations on hand less than 3 months old at 30 June significantly improved from 45% to 94%;
 - There has been a reduction from 53 days to 46 days (13%) in the average time to finalise complaints;
 - There has been a reduction from 99 days to 33 days (67%) in the average age of complaints on hand at 30 June; and
 - The Office has maintained its low level of aged cases with 99% of allegations finalised within 12 months and 96% of allegations on hand less than 12 months old at 30 June.

Our Key Performance Indicators

Annual Report 2012-13

2012-13 Annual Report - Key efficiency indicators (cont)

Key Efficiency Indicators	2008-09	2009-10	2010-11	2011-12	2012-13 Target	2012-13 Actual
Average cost per finalised allegation (net cost of complaint resolution services divided by the number of allegations finalised)	\$2,759	\$1,999	\$1,899	\$1,866	\$1,875	\$1,821
Average cost per finalised notification of death (net cost of undertaking the function to review certain child deaths and family and domestic violence fatalities divided by the number of notifications finalised)	NA	\$9,377	\$9,651	\$10,410	\$9,600	\$12,281

Our Key Performance Indicators

Annual Report 2012-13

- Narrative on key efficiency indicators relating to costs included:
 - The average cost per finalised allegation has reduced by a total of 38%, from \$2,941 in 2007-08 to \$1,821 in 2012-13); and
 - The average cost per finalised notification of death exceeded the 2011-12 actual result and the 2012-13 Target, reflecting the complexity of this function, including the complexity of reviews of family and domestic violence fatalities, that commenced in 2012-13. The 2013-14 Target has been adjusted accordingly.

Internal early warning indicators

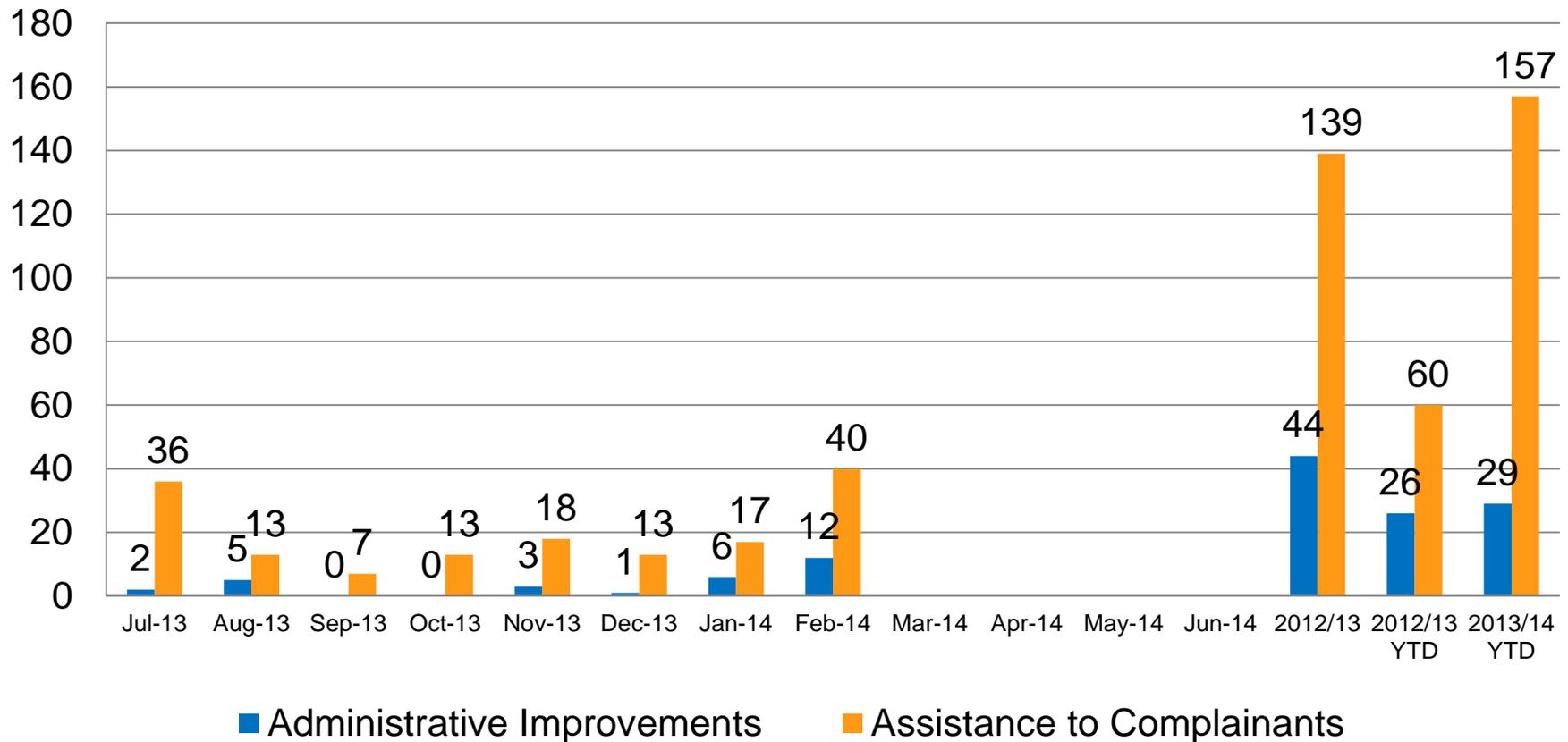
- KPIs are high level, cover a broad range of functions and focus on 'end of line' results.
- For complaint resolution, consideration was given to:
 - Additional important aspects of complaint resolution; and
 - Indicators that may give an early warning of emerging problems for service delivery that may affect key efficiency indicators of timeliness and cost.
- Monitoring these internal early warning indicators assists in preventing a delay in identifying issues and enables early intervention to correct emerging problems.

Internal early warning indicators

- Internal early warning effectiveness indicators include:
 - Actions by agencies to assist complainants.
- Internal early warning efficiency indicators include:
 - Age of open cases (these are the aged cases of tomorrow);
 - The number of cases on hand (as numbers increase the capacity to close cases quickly, effectively and with lower costs diminishes); and
 - Close monitoring of individual cases over 8 weeks old.

Internal early warning indicators

Complaint Improvements and Assistance



Monitoring KPIs

- To be effective KPIs and internal indicators need to be monitored regularly. Our monitoring is layered and includes:
 - Detailed annual analysis and reporting for the Budget Papers, Budget Estimates hearings and the Annual Report;
 - Quarterly reports on KPIs to the Executive Management Group;
 - Monthly reports to senior staff and team leaders on progress in KPIs and internal early warning indicators; and
 - Weekly reports on the number of complaints on hand and individual cases by age to the Ombudsman.
- Where there is an indication that targets or benchmarks for KPI's or internal indicators will not be met, senior officers identify reasons and intervene to correct the problem.

Achieving KPIs and Continuous Improvement

- Achievement of, and aiming to exceed, KPI targets has been an important contributing factor in the development of improvement programs for the Office.
- Timeliness and efficiency of complaint handling has substantially improved over time due to:
 - A major complaint handling improvement program that was introduced in 2007-08. An initial focus was the elimination of aged complaints, including complaints as old as nearly six years; and
 - Building on the program, the Office developed and commenced a new organisational structure and processes in 2011-12 to promote and support early resolution of complaints.

Achieving KPIs and Continuous Improvement

Improvements have been achieved in the context of a significant increase in complaints across all sectors in 2009-10, that was maintained for three financial years.

Increased administrative improvements

- The number of administrative improvements has increased from 29 in 2008-09 to 72 in 2012-13.

Cost Reductions

- The average cost per finalised allegation has reduced from \$2,759 in 2008-09 to \$1,821 in 2012-13 (34%).

Achieving KPIs and Continuous Improvement

Improved Timeliness

As a result of the complaint handling improvement program, in the six years from 2006-07 to 2012-13:

- Complaints finalised within 3 months improved from 69% to 83% and the complaints on hand < 3 months old improved from 33% to 94%;
- A reduction in the average time to finalise complaints from 92 days to 46 days (50%); and
- Finalised complaints older than 12 months have decreased from 80 to 14 (83%).

Achieving KPIs and Continuous Improvement

Continuous Improvement in KPIs and targets

KPIs and internal indicators need to be 'living' with a combination of stability to enable trend analysis and adaptability to enable new or revised indicators and stretch targets to be developed, such as:

- Revising KPIs to cover new functions;
- Revising KPIs to be more appropriate;
- Setting new targets as a result of exceeding previous targets; and
- In some cases, such as new functions, initial targets have not been able to be achieved and have been revised accordingly.

Some words of caution

Getting the measures right

- Using KPIs will focus resources on their achievement so the right measures are critical.
- It is important to measure the right thing to achieve outcome and service improvements, not the thing that is easy to measure.
- Some measures may fluctuate from year to year, due to external factors, but can still show useful trends over longer time periods.

Some words of caution

Costs

- Nothing comes at no cost. For KPIs, the staff and related costs include:
 - Data entry, preparing reports and analysis of trends; and
 - Interventions where issues arise.
- In our view the benefits outweigh the costs, in particular since the overall cost reduction takes into account the costs of monitoring the KPIs.

QUESTIONS