

**Minutes of the eleventh meeting**

**Office for Legal Complaints (OLC) Board**

**Monday 17<sup>th</sup> May 2010**

**11.30am – 3.00pm**

**Baskerville House, Centenary Square, Broad St, Birmingham B1 2ND**

**Present:**

Elizabeth France, Chair  
Margaret Doyle, member  
Professor Mary Seneviratne, member  
David Thomas, member  
Rosemary Carter, member  
Brian Woods-Scawen, member

**In attendance:**

Adam Sampson, Chief Ombudsman  
Liz Shepherd, Operations Director  
Alison Robinson, Head of External Affairs  
Gary Garland, Deputy Chief Ombudsman  
Paul Partridge, Head of Finance  
Lola Bello - Item 4 only  
Joanne Milligan - Item 4 only

**Board Secretary:**

Andy Taylor

**Preliminary issues:**

The quorum requirements for the Board meeting were met.  
There were no declarations of interest made.

**Item 1 – Welcome and apologies**

1. The Chair welcomed Lola Bello and Joanne Milligan from Consumer Focus, and those in attendance.
2. Apologies were received from Tony Foster (Board member) and Rob Hezel (Director of Finance and Business Services).

**Item 2 – Minutes of previous meeting**

3. The minutes of the meeting of 19 April 2010 were approved.

### **Item 3 – Matters arising & action points**

4. The Board noted those items where action had been completed and that others included within the agenda.
5. The Head of External Affairs confirmed a paper on research to be undertaken with the Consumer Panel would be presented to the Board in June. The Chief Ombudsman confirmed that a paper on “talent management policy” would be presented at the same meeting.

#### **ACTIONS**

- The Board Secretary to add the above items to the June Board meeting agenda.

### **Item 4 – Presentation by Consumer Focus**

6. Lola Bello and Joanne Milligan spoke about the role of Consumer Focus. They outlined that:
  - Consumer Focus is a statutory organisation created through the merger of three organisations; energywatch, Postwatch and the National Consumer Council (including the Scottish and Welsh Consumer Councils) by the Consumers, Estate Agents and Redress Act 2007;
  - Consumer Focus continues to invest in consumer research including gathering evidence to support anecdotal feedback and would be pleased to assist the Legal Ombudsman by providing appropriate information and data relating to the legal environment;
  - Consumer Focus supports the concept of Alternative Business Structures (ABS) and also that consumers should exhaust a first complaint tier with their respective legal service provider before approaching the Legal Ombudsman;
  - Consumer Focus also supports the publication of complaint data to assist consumers in making an informed choice when selecting a lawyer; furthermore this may also incentivise lawyers to deal more effectively with complaints, placing the consumer at the heart of their service provision;
  - Consumer Focus is reassured that the opportunity to contribute to the ongoing work of the Legal Ombudsman will continue, for example by responding to consultations;
7. Members asked questions regarding the principles of good complaint handling and about the ‘customer journey’ when complaining. In response it was explained that these were particular areas that required additional investigation and research, for example access to complaint handling processes for vulnerable people. However, Consumer Focus agreed to update the Legal Ombudsman with the research findings when available.
8. Consumer Focus was very keen to develop the relationship with the Legal Ombudsman. The Board welcomed this, while making clear that the Legal Ombudsman was not a consumer body and would take an approach to issues which balanced the interests of legal service providers and consumers.
9. The Chair thanked Lola Bello and Joanne Milligan for their presentation and for taking the time to inform members about Consumer Focus and its role as part of their induction.

### **Item 5 - Chair's update**

10. The Chair reported on a constructive quarterly meeting which she and the Chief Ombudsman had with the Chair of the LSB. She had also attended a separate 'one to one' meeting with the Chair of the LSB and would be organising similar meetings with each of the OLC members before the scheduled discussion on the performance of the Board in July.
11. Members enquired if there were plans for a meeting between OLC and LSB Board members. It was suggested this might take place around the "go-live" date; this would be given further consideration.

#### **ACTIONS**

- The Board Secretary to liaise with the Chair in respect of organising a meeting between OLC and LSB Board members.

### **Item 6 - Chief Ombudsman's report**

Summary of the tabled report;

- Staffing; the paper outlined the responses received to recent advertisements for some of the key back-office roles, for example; Operations Manager and Team Leader. Additionally there was focus upon a recent meeting with Northumbria and Queen Margaret Universities regarding the staff training programme and, in view of the volume of work involved, confirmation that a separate workstream had since been established to manage and monitor the arrangements and delivery of staff training and development prior to "go live".
- IT and premises; the final design for the premises had been largely agreed and the process of deciding upon the furniture and fittings was underway, with a view to taking occupancy well in time to receive the bulk of new staff. Additionally, the paper advised the contract for the IT system had been signed and a first demonstration of the proposed casework system had been undertaken and feedback provided.
- Ombudsman team; six of the eight Ombudsmen were now in post and along with the arrival of additional Operations team members, the Ombudsmen were now concentrating on specific areas such as knowledge management and quality. Additionally, the report clarified that work on the business process and operational procedures were also accelerating, for example the "Rough Guide" was receiving further refinement along with the associated policies, procedures and guidance papers.
- External Affairs; the report outlined that recent focus had been on recruiting the necessary team to deliver the stream of communications work in time for "go live" for example; a team of writers to help develop the suite of letters and leaflets to be used by the Legal Ombudsman staff. The report also outlined recent meetings that had taken place with key stakeholders, for example with the Law Society and LCS, the Immigration Services Commissioner, NOMS, CPS, SFO and also regular meetings with MoJ and LSB.

12. Questions were invited in response to the paper and the Chief Ombudsman advised;

- A key element of current external affairs work related to the development of a range of templates for correspondence, reports and leaflets, ensuring these were, as far as possible, in 'Plain English' and user friendly.
- The initial contract with the training provider was considered too wide and required appropriate boundaries to be established along with a detailed timetable for delivery of the six week training exercise that all staff will undertake. He also advised this was a particularly complex matter embracing other workstreams, for example IT and premises. However to assist delivery, an additional consultancy resource had been sought to support this major item of work.
- It was thought that there was now less risk relating to matters that needed conclusion with the SRA; however the collection of case fees was to be discussed further in a meeting planned to take place on 20<sup>th</sup> May.

#### **Item 7 – Transition planning**

Summary of the tabled report;

- The paper advised the MoJ currently considered there was a dependency between the legislation for the Alternative Business Structures (ABS) and the Legal Ombudsman commencement order. As a consequence, it was understood that the commencement order would not be laid in Parliament until 3<sup>rd</sup> August 2010 at the earliest.
- The risks associated to the delay were significant, in particular to staffing and budgets. In order to adequately staff the organisation by the anticipated "go live" date appointments were required to key roles no later than week commencing 21<sup>st</sup> June. With staff costs representing 60 – 70% of the operational budget any delay in the "go live" date would have a direct impact upon anticipated expenditure. Additional risks were also identified, for example external communications with stakeholders and these were likely to be exacerbated by any continuing doubt and delay regarding the commencement order.
- In response to the identified risks; the options available for recruitment and budgets were outlined as follows;
  - option 1; do nothing and continue with recruitment as planned, acknowledging this may result in a significant over run in budget at the rate of circa £1.3m per month of additional delay;
  - option 2; suspend all recruitment generating a saving of circa £0.7m per month compared with option 1;
  - option 3; suspend/delay all Operations recruitment by either 1, 2 or 3 months as appropriate, generating a saving of circa £0.6m per month compared with option 1;
  - option 4; assume a revised "go live" date for January 2011 and re-plan Operations recruitment accordingly. The cost increase would be circa £1.9m for a three month delay plus any additional recruitment costs incurred.

- The report also indicated that the risk of being unable to meet the present timetable was considered to be remote, however, the Chief Ombudsman as Accounting Officer, wished to draw the possibility of additional expenditure in excess of agreed budgets to the attention of Members at an early stage. The report recommended the following steps to mitigate the identified risks;

- step 1; the Chief Ombudsman should press the MoJ to reconsider whether the consecutive laying of the order is necessary or whether, in light of legal advice, they could be laid concurrently;
- step 2; the Chief Ombudsman should write, as Accounting Officer, seeking assurance of MoJ financial support to recoup any budget over run from any delay resulting from the consecutive laying of the order;
- step 3; in light of any subsequent developments, Board members should consider at the June meeting, whether it is deemed necessary to suggest a revision of the launch date to allow recruitment start dates to be offered after the commencement order has passed through Parliament.

13. Members considered the paper and also discussed the required Parliamentary process and summer recess. They were assured that since the Order was subject to negative resolution, it could be laid during the summer recess. There was uncertainty about whether progress would be delayed if the order were prayed against. Further assurances would be sought.
14. Members agreed that it was important to maintain a clear audit trail of discussions and decisions relating to this matter and should be updated with developments as soon as possible. On current information they concluded that the risk of delay was small and that the recruitment process should continue as planned with a review at the June Board meeting. The Chief Ombudsman would write to the MOJ seeking further assurances and an agreement that spending on recruitment could be incurred and would be covered by the MOJ if commencement were not possible on schedule.

#### **ACTIONS**

- The Chief Ombudsman to write to the MoJ.

#### **Item 8 – Finance report**

Summary of the tabled report;

- The paper gave details of the regular month end financial information as at the 30th April 2010. The cumulative project costs to date were £3.5m with project spend in April £0.548m, this including staff costs of £0.146m, premises costs of £0.115m and external support costs of £0.266m. Monthly operational costs were forecasted to be £1.3m by September 2010.
- The financial report also included an "annual accounts and report timetable", clarifying the final accounts for the Legal Ombudsman were expected by 24<sup>th</sup> June 2010, allowing for presentation to the LSB Board meeting on the 29<sup>th</sup> June 2010 and for formal presentation to the Lord Chancellor in July.

15. Questions were invited by the Board and in response the Head of Finance advised that recent expenditure had been as expected, however major projects such as IT and premises would incur further expenditure during the period June – September inclusive but was expected to be within forecast levels.
16. The Board advised that the present format of the financial report met the current needs of the organisation; however a more sophisticated framework would be appreciated once the organisation was in “steady state”.

### **ACTIONS**

- The Director of Finance and Business Services and Head of Finance to further develop the framework for monthly financial reporting to the Board in time for “steady state”.

### **Item 9 – Risk**

Summary of the tabled report;

- The register recorded 7 areas where an increased risk had been identified, these were mainly attributable workstreams entering critical phases or due to the uncertainty surrounding the laying of the commencement order as outlined in item 7 above. The increased risks were as follows;

Premises / IT workstream;

- i. “building and IT infrastructure not in place for resource commencement”;

People workstream;

- ii. “legislative congestion due to political circumstances delays passing of commencement orders”;
- iii. “the volume of HR activity overwhelms the implementation team”;

External Affairs workstream;

- iv. “Approved Regulators want level of information that overwhelms our process and distracts from providing redress”
- v. “links are not in place with key organisations to support efficient business process”
- vi. “inadequate or failures in communication with stakeholders”

OLSO Migration;

- vii. “significant consumer detriment resulting from any delay to the commencement order”

The register also outlined two areas where a reducing level of risk had been identified;

IT;

- i. “implementation period exceeds planning window either because of delivery difficulties or long procurement period”; the level of risk has reduced since suppliers have been identified and confirmed their implementation timetable.

Business processes;

- ii. "volumes estimated are imprecise"; additional data has recently been received removing reliance upon assumptions previously made in respect of operations processes;

17. Questions were invited by the Board and in response the Chief Ombudsman advised that it was felt that the Executive had worked extremely hard to meet the financial objectives thus far. However it was acknowledged that the organisation would have to evidence ongoing cost effectiveness in comparison with the existing complaint handling schemes and an appropriate KPI would be developed in this respect.
18. The Chief Ombudsman advised the Board that a Corporate Risk Register would be developed and presented to the Board in due course.

#### **ACTIONS**

- The Chief Ombudsman to include an appropriate KPI within the Balanced Business Scorecard relating to cost effectiveness and also to develop a Corporate Risk Register for presentation to the Board at a later meeting.

#### **Item 10a – Audit and Risk Committee Draft Annual Report**

19. The Chair of the Audit and Risk Committee presented the committee's draft annual report and provided an assurance that appropriate activities had been undertaken commensurate with the committee's Terms of Reference. Looking ahead, the committee will evaluate the performance of both internal and external auditors and where appropriate establish an improvement plan. In addition, the committee has already begun to develop a programme of work for the 2010-11 accounting period.
20. Members noted the annual report and requested that minor amendments were made in order to quantify the quorum requirements and attendance as outlined in Appendix 2 of the document.

#### **ACTIONS**

- The Secretary to the Audit and Risk Committee to amend the document as requested.

#### **Item 10b – Remuneration and Nomination Committee Draft Annual Report**

21. The Chair of the Remuneration and Nomination Committee advised Members that further work was required in respect of the committee annual report, but it would be circulated as soon as possible.

#### **ACTIONS**

- The Secretary to the Remuneration and Nomination Committee to forward a copy of the committee's draft annual report to the Board Secretary for onward circulation to Members as soon as possible.



### **Item 11 – Draft Legal Ombudsman Annual Report**

22. The document was presented to Members in order to receive initial drafting comments. The Head of Finance said that the required financial information would be circulated shortly.
23. Members considered the document and suggested a number of amendments which were noted by the Head of Finance.

#### **ACTIONS**

- The Head of Finance to amend the Annual Report as requested.

### **Item 12 – Future agendas and any other business**

24. Members were advised that with immediate effect expenses payments would be processed by the Legal Ombudsman Finance Team; however regular 'recharging exercises' would take place with the LSB as the body responsible for funding this expenditure.
25. Members noted that the Chief Ombudsman signed a "licence and deed of variation" between Targetfollow (Birmingham) Limited, The Office for Legal Complaints and Targetsplace Limited on 30<sup>th</sup> April 2010. The document allows necessary contractor access to floors 5 and 6 of Baskerville House prior to formal occupancy. The document was also affixed with the OLC seal.
26. Members were advised that the next meeting would be held on 21 June 2010 commencing at 11.30am at Baskerville House in Birmingham. The meeting would be immediately preceded by a meeting of the Audit and Risk Committee, commencing at 9.30am.
27. Members noted that immediately after the meeting scheduled for 19 July they would discuss their progress and procedures in the first year of operation.

Andy Taylor  
Board Secretary  
25 May 2010