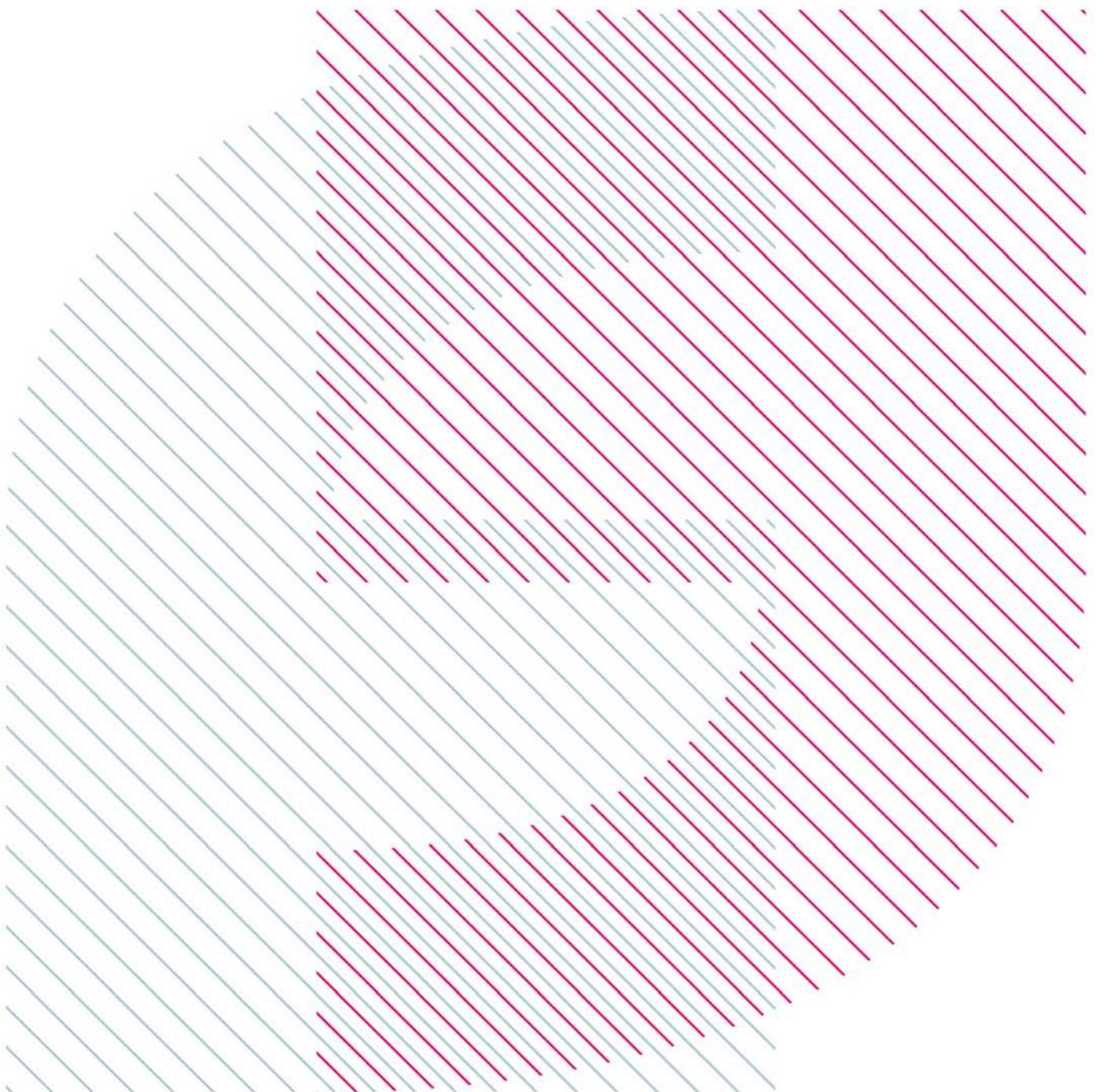




Strategy 2015-17 and business priorities 2015-16



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About us

The Legal Ombudsman has made significant progress since it was created just over four years ago.

The scheme, which is administered by the Office for Legal Complaints under the Legal Services Act 2007, was originally created by Parliament as the independent, impartial, 'single point of entry' Ombudsman scheme for complaints from consumers of regulated legal services.

We are now a very much established part of the legal services landscape.

In each of the years since opening our doors for business in October 2010 we have received around 70,000 contacts and handled around 8,000 investigations.

Almost 80 percent of legal services users have heard of us and we continue to achieve high approval ratings from those who use our services.

We have also been successful in achieving stretching targets for the quality and timeliness of our work whilst reducing our costs.

This has given us a solid foundation on which to build.

We have recently begun to successfully operate dual jurisdictions following the extension of our remit to cover claims management companies.

We can now also accept complaints about accountants registered with the Institute of Chartered Accountants in England and Wales (ICAEW) relating to probate.

All of this serves to underline that if the Ombudsman scheme is to remain fit-for-purpose we need to continue to adapt and innovate in dynamic and often complex market places.

Foreword

Many consumers when making a decision on purchasing a service will not think about where the boundaries lie between regulated and unregulated entities. But they will expect to be able to seek redress for poor service.

We believe that all consumers of legal services – whether regulated or unregulated – should be able to access the ombudsman scheme and that service providers should be able to operate on a level playing field.

However, at present we do not have the powers to achieve this vision, which would require not only changes in the law and regulation, but would also require us to offer a more flexible ombudsman model.

The recent expansion of our jurisdiction to handle complaints about claims management companies has given us a platform to test some different approaches.

Our revised strategy for 2015-17 and business priorities for 2015-16 reflect the new reality of our dual jurisdictions, and set out our aspirations and how we plan to deliver them. Both have benefitted from the input of a wide range of stakeholders and reflect a couple of clear and consistent messages that came out of the consultation process.

Firstly, whilst it was widely recognised that we have made good progress in driving up our efficiency, and should continue to do so, this should not be at the expense of the quality of the services we provide.

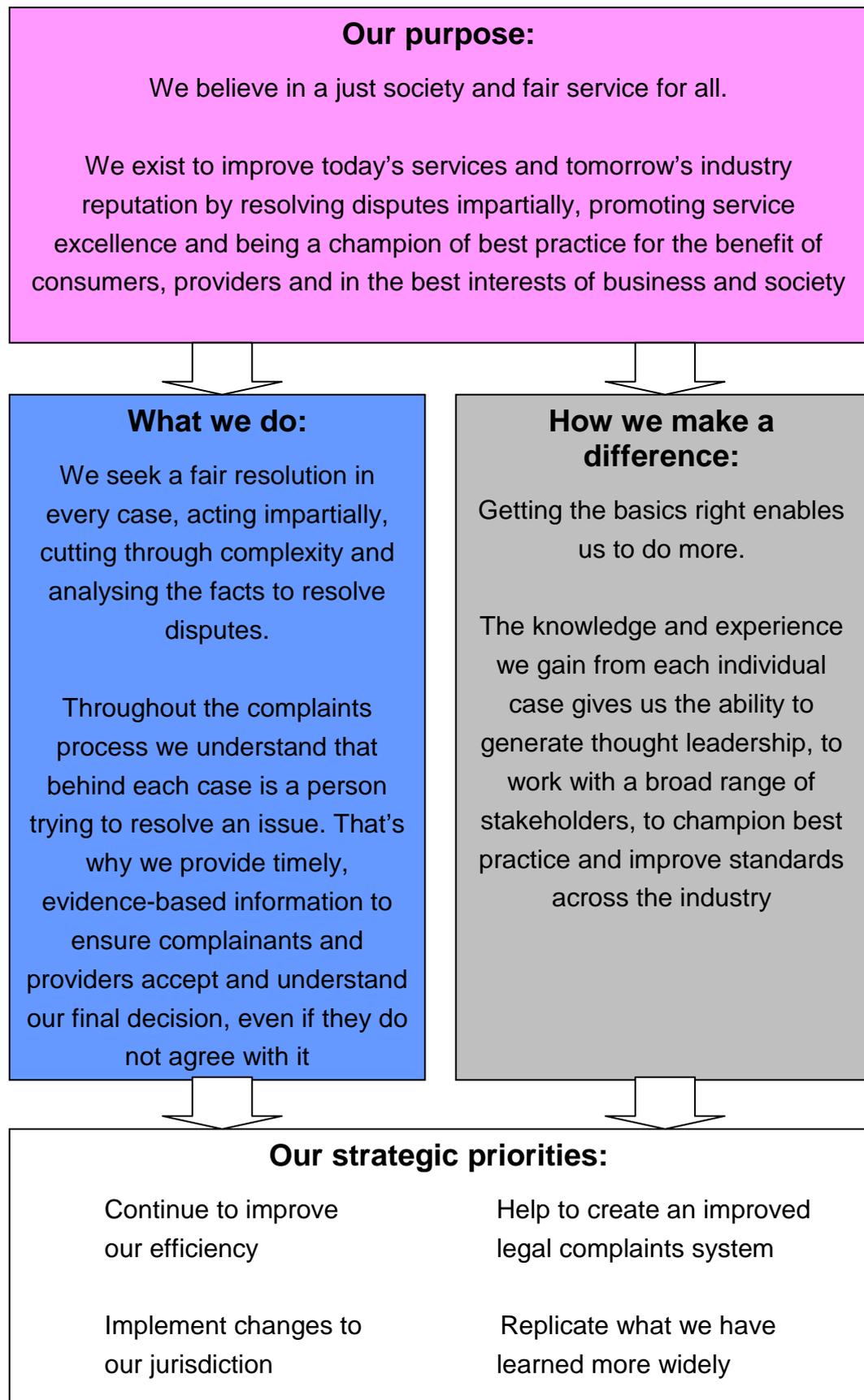
Secondly, whilst there was strong support for our continuing focus on our existing four strategic goals there was also a clear call for us to be more ambitious in how we disseminate what we have learned and in how we help to improve complaints handling across our jurisdictions.

I am extremely grateful to all of those organisations and individuals who took the time to share their views.

Steve Green

*Chair of the
Office for Legal Complaints*

Overview



Enabling activities

In order to successfully deliver our purpose we need to ensure that we remain fit-for-purpose, agile and efficient.

There are a number of enabling activities we are going to carry out to help make this happen over the coming year:

- Complete the process for appointing a new permanent Chief Executive and Chief Ombudsman
- Review our structures and processes to improve our insight and analytical capabilities
- Review our governance framework and internal controls

We will continue to work openly and constructively with regulators, professional bodies, consumer groups and Government in line with our wider regulatory objectives in the ongoing debate on the future shape of redress, consumer protection and regulation of legal and claims management services.

Legal Services Act 2007 regulatory objectives:

- Protecting and promoting the public interest
- Supporting the constitutional principle of the rule of law
- Improving public access to justice
- Protecting and promoting the interests of consumers
- Promoting competition in the provision of services
- Encouraging an independent, strong, diverse and effective legal profession
- Increasing public understanding of the citizen's legal rights and duties
- Promoting and maintaining adherence to the professional principles

Context

We originally published our strategy for 2014-2017 in January 2014 following consultation with and feedback from our stakeholders.

We continue to operate in an environment where legal services are being delivered through alternative business structures, internet-based services and complex delivery structures which may or may not be owned by lawyers, be staffed by lawyers or fall within the remit of the legal profession's regulators.

We are also in the early days of operating our new jurisdiction for claims management companies.

This makes sharing of information and learning from complaints increasingly vital – and increasingly challenging. It also leaves consumers in a situation where they may be making choices about buying services with little or no awareness or understanding of the protections available, or not available, to them.

The implementation of the EU Alternative Dispute Resolution (ADR) Directive through a residual body from July 2015 will add further complication to the redress landscape and result in even greater consumer confusion.

Against this backdrop we decided to review our strategy and issued a consultation in January. This looked at a range of options for how we might improve access to the Ombudsman scheme and reduce consumer confusion.

This consultation process ran from 14 January 2015 to 23 February 2015. A list of organisations who responded can be found at the end of this document.

Feedback from the consultation confirmed the direction of our strategy and our priorities but called for an underlying shift of emphasis and greater ambition in how we help to improve standards across both the legal and claims management sectors.

Our priorities

As part of the work we carried out last year to develop our strategy we identified four key priorities. These were developed from discussions internally and with our stakeholders.

Following consultation on our revised strategy these priorities have received further endorsement by our stakeholders and will continue to drive our business plan for the coming year and beyond.

Our priorities are to:

- 1. Continue to improve our efficiency*
- 2. Implement agreed changes to our jurisdiction*
- 3. Help create an improved legal complaints handling system*
- 4. Disseminate what we have learned more widely*

In endorsing these priorities stakeholders were clear that they wanted, and expected, us to do more under the third and fourth priorities.

We also received a range of specific feedback about each of these priorities and what we should be focusing on in the coming year

In the following section we set out, in light of the feedback received:

- What each priority means in practical terms
- Our long-term view of what they are intended to deliver
- The key actions we are planning to take to make this happen over the coming year

Priority 1: Continue to improve our efficiency

This means...

Looking for opportunities to build further on our strong track record for improving our efficiency and reducing costs.

Demonstrating improvement internally and externally and being held accountable by setting, publishing and delivering against stretching annual KPIs.

Engaging our people so that they can all play their part in developing and improving our systems and processes.

Expanding our partnerships and insight to grow our understanding of best practice, challenge our thinking, learn about the latest innovations and benchmark our performance.

With a view to...

Being a high-performing organisation where everyone sees it as part of their role to deliver year-on-year improvement and find ways of doing things better.

Understanding, meeting and striving to exceed the expectations of our diverse customers and stakeholders.

Being efficient and mitigating our costs to the legal profession and claims management companies without compromising quality and acting as a model for other sectors.

Using the quality and efficiency of our services as a platform to develop additional services through a potential voluntary scheme and continuing to contribute to the debate on the need for a comprehensive ADR system.

What our stakeholders said:

- Welcome our continuing focus on efficiency, but were clear that this should not compromise the quality of service
- Any further cost reductions should not be at the expense of consumers or legal profession
- Improved systems should be designed to be customer friendly
- Important that any revised KPIs focus on measuring effectiveness of core functions and areas of consumer concern
- Our focus on cost-per-case is too simplistic

What we will deliver in 2015-16

- Effective and efficient handling of c7,600 legal complaints
- Effective and efficient handling of c3,000 CMC complaints
- Realisation of the full business benefits of our ongoing Transformation Programme including our new customer relationship management system, online portal and our recent move to new and cheaper accommodation
- A review of our structure and processes to reduce the time and delays in resolving cases as well as to continue to identify ways of improving quality and customer satisfaction
- Continue to attract a diverse workforce and maintain staff engagement and motivation
- Consultation on a review of our Scheme Rules
- A review of the way that we measure and monitor our performance so that these better support our goals of improving legal complaints handling and replicating what we have learned more widely, and given the need to separate CMCs from our legal jurisdiction and as we diversify the range of services we offer

Priority 2: Implement agreed changes to our jurisdiction

This means...

Ensuring effective delivery of agreed changes to our jurisdiction, working with key partners as appropriate.

Working to identify areas of consumer detriment where the further extension of our jurisdiction could provide an effective remedy.

Ensuring that any further changes have no negative impact on our existing jurisdictions and that costs are apportioned and accounted for appropriately.

With a view to...

Using the successful delivery of changes to our jurisdiction as a platform to provide more consumers and providers with access to high quality, informal and speedy redress.

Working with providers in those markets to help them understand the role of the Ombudsman, to improve first tier complaint handling and prevent complaints from arising in the first place.

Achieving greater economies of scale so that unit costs across all areas of work can be reduced.

What our stakeholders said:

- It is important to maintain clear lines of accountability for our different jurisdictions including the separate apportionment of costs
- We should learn from and build upon our emerging experience of dealing with claims management companies in considering any further changes to our jurisdiction
- The cost of developing and delivering any extension of our services beyond our legal jurisdiction should not fall to regulated legal services providers
- Need to fully understand risks of managing multiple jurisdictions

What we will deliver in 2015-16

- A stable and effective first full year of our new claims management regime ensuring that we scale our operations in the light of actual case volumes, communicate effectively with companies and customers and liaise with the regulator
- A stable and effective first full year of our new regime for accountants including reviewing our policy on the definition of legal services
- Changes to our Scheme Rules and processes to align them with the EU ADR Directive
- Continuing work with Government and other stakeholders with the long term objective of providing all consumers of legal services with access to appropriate redress
- A greater focus on how best to improve first tier complaints handling as part of an enhanced learning and information programme

Priority 3: Help to create an improved legal complaints handling system

This means...

Exploring different avenues for effective dispute resolution.

Driving up efficiencies and reducing costs.

Contributing to the regulatory objectives of the Legal Services Act.

With a view to...

Providing a range of relevant, tailored and appropriate services within the scope of the current ombudsman scheme and identifying opportunities to build on this to reflect the changing nature of the market place

Building consumer confidence in how the legal sector handles complaints and provides redress

Ensuring greater coherence across the wider system so that providers and consumers operate on a level playing field

What our stakeholders said:

- Implementation of EU ADR Directive from July is already creating a market and consumers may go to other ADR providers
- Welcome the establishment of a voluntary scheme as this would help to enhance consumer protection and access to redress
- But it must not be designed in such a way as to create any false sense of security for those who use unregulated service providers
- The cost of developing and running a voluntary scheme should not fall to regulated service providers

What we will deliver in 2015-16

- An expanded research programme (working in collaborative partnerships with others where appropriate) so that decisions on developments to our service are evidence-based and focused on what providers and consumers want
- Development of a more diverse, non-discriminatory and innovative service offering, including options for effective earlier intervention (eg mediation, arbitration and first-tier complaint support)
- Review of our Publishing Decisions policy to ensure that this is helping to drive positive behaviours across the sector and is effective in informing consumers
- Consultation on the establishment of a voluntary scheme that enables unregulated providers to give their customers access to redress and dispute resolution services
- Consultation on potential to bring third party complaints into the scope of the Legal Ombudsman in certain circumstances

In future years we expect this objective to be expanded to cover our claims management jurisdiction, building on what we learn during the first full year of operational delivery.

Priority 4: Disseminate what we have learned more widely

This means:

Feeding back insights and learning from our work across our jurisdictions to professionals, consumers and policy makers.

Engaging appropriately with stakeholders around the best ways of delivering redress, empowering consumers and supporting the delivery of quality services.

Contributing to the implementation of new policies on redress provision and standing ready to undertake any new activities as appropriate.

With a view to:

Creating an environment where there is a coherent, appropriate and efficient system of consumer redress.

Ensuring that the lessons learned from resolving individual disputes are used to drive systemic improvement.

What our stakeholders said:

- Welcome any strengthening of commitment to feed back learning to the profession and more widely
- Should fully explore all potential options for joint working and partnerships, including with regulators and others
- Scope to be more transparent and to make our data more fully accessible
- Welcome for any guidance and sharing of best practice on how to improve first tier complaints handling and improve consumer experience

What we will deliver in 2015-16

- Enhanced analysis and insight capabilities and capacity to ensure that we maximise the depth and quality of insight we generate from the understanding of our own cases and externally available knowledge and data
- An enhanced learning and information programme to help raise standards across the legal and claims management sectors, promote equality and build their capacity to deal with complaints effectively
- A consumer awareness programme to better inform consumers so that they can make informed choices and know what to expect if they have a complaint, working in partnership with legal and claims management stakeholders
- Further enhancements to our website and online channels

Measuring our performance

We measure our performance through a number of Key Performance Indicators (KPIs) which, for our legal jurisdiction, are agreed annually with the Legal Services Board (LSB).

These KPIs cover:

- **Timeliness:** The proportion of cases resolved within three and six months of a consumer's first contact with us.
- **Quality:** We track against a mix of quality indicators that focus on the accuracy of our work and the quality of customer service provided.
- **Unit cost:** We track the unit cost of our work by reporting the annual cost of the organisation averaged according to the number of cases resolved.

- **Reputation:** We commission external, independent measurement of satisfaction levels among customers (consumers and lawyers) and stakeholders on an annual basis.
- **Impact:** We undertake annual surveys of stakeholder groups to assess their confidence that we are delivering our objectives and annual surveys of consumers of legal services to determine how many are aware of the Legal Ombudsman.

Our performance against agreed targets is reported on each year in our Annual Report and Accounts. Our targets for this year are unchanged from those for last year (see table overleaf).

In line with stakeholder feedback we will be carrying out a review of the way that we measure and monitor our performance during the year to ensure that our KPIs better support our goals of improving legal complaints handling and replicating what we have learned more widely.

This will include setting and publishing specific KPI's for our claims management jurisdiction based on our experience of our first full year of operations.

Timeliness
Percentage of cases resolved: <ul style="list-style-type: none"> • within 56 days = 40% • within 90 days = 70% • within 180 days = 95%
Quality
Percentage of complainants satisfied with the outcome of their complaint and satisfied with the service they received.
Unit cost
Annual cost of the Ombudsman scheme/number of cases resolved
Reputation
Percentage of respondents satisfied with the outcome of their case who would speak highly of the Legal Ombudsman.
Percentage of stakeholders satisfied with overall level of engagement.
Impact
Percentage of stakeholders who have confidence in our delivery against our mission.
Percentage of users of legal services in last two years that have heard of the Legal Ombudsman.

Our budget

Our agreed budget for 2015/16 is set out below, appropriately split between Legal Activities and Claims Management activities.

	Legal Activities £'m	Claims Mgt Activities £'m	OLC Budget £'m
Levy income / Grant in Aid	11.18	2.03	13.21
Case Fee income	1.03	0.60	1.63
Total Income / funding	12.21	2.63	14.84
Direct Costs			
Staff	6.03	1.14	7.17
Other services	0.86	0.23	1.09
Unrecoverable case fees	0.12	0.12	0.24
Direct Contingency	0.15	0.20	0.35
Total Direct Costs	7.16	1.69	8.85
Indirect contingency	0.21	0.03	0.24
Total Indirect cost	4.84	0.91	5.75
Total expenditure	12.21	2.63	14.84
Planned cases resolved	7,600	3,000	
Capital expenditure			0.75

Annex: Consultation responses

We received written responses from the following organisations:

- IPS/CILEx (joint response)
- Law Society
- Legal Services Consumer Panel
- National Association of Licensed Paralegals
- Solicitors Regulation Authority
- Sole Practitioners Group

The following organisations attended a half-day consultation workshop held in London on 19 January 2015:

- Advice UK
- Association of Regulated Claims Management Companies
- Bar Council
- British Bankers Association
- Chartered Institute of Legal Executives
- Claims Management Regulator
- ILEX Professional Standards
- Isle of Man Law Society
- Institute of Chartered Accountants
- Institute of Paralegals
- Institute of Professional Will Writers
- Law Society
- Legal Services Board
- Legal Services Consumer Panel
- Ministry of Justice
- National Association of Licensed Paralegals
- Office of the Immigration Services Commissioner
- Scottish Legal Complaints Commission
- Society of Will Writers
- Sole Practitioners Group
- Solicitors Regulation Authority