

**Minutes of the first meeting**

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

**Monday 13 July 2009**

**10.00am – 1.00pm**

**Victoria House, Southampton Row, London, WC1B 4AD**

**Present:**

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

**In attendance:**

Adam Sampson, Chief Ombudsman  
Nyall Farrell, Interim Director of Operations  
Antony Townsend, Solicitors Regulation Authority (SRA) Chief Executive (Item 1 only)  
Colin Quinney, SRA Director of Regulation Response (Item 1 only)

**Secretary:**

Alison Robinson, Policy Manager

**Item 1 – Overview of the Solicitors Regulation Authority (SRA) by Antony Townsend and Colin Quinney, SRA**

1. The Chair welcomed Mr Townsend and Mr Quinney and explained that the OLC Board were in the process of gathering facts that would help them to design the new organisation.
2. Antony Townsend provided the Board with a short overview of the role of the SRA and what it saw to be the key interfaces between its regulatory role and complaints handling. As part of this he covered the following areas:
  - governance – that since 2006 the governance arrangements for regulation within the Law Society had changed significantly, with the SRA emerging a separate entity in late 2006 with its own Board and Chief Executive. The governance arrangements remain a key area of change as the reforms of the Legal Services Act 2007 continue to impact, and with the SRA Board coming to a point in its cycle where it is the process of being re-appointed;

- key functions – are of setting standards for professional regulation from education, standards for in-house complaints handling and to investigate misconduct and other regulatory issues;
  - uniqueness of solicitors – in that they hold large amounts of client money, which increases regulatory risks and the impact on consumers if anything goes wrong;
  - the close relationship between regulation and redress – a productive working relationship with the current Legal Complaints Service was noted, with a majority of referrals from complaints resulting in some form of regulatory action;
  - key changes in the SRA at the moment – these include a shift from regulating individuals to firms and a shift towards a systematic assessment of risk in regulation; and
  - a future relationship with the OLC – which should be productive and so support both regulatory and consumer complaint outcomes based on a clear set of agreed working practices to make sure key information is passed between both organisations in a secure and appropriate way.
3. The meeting discussed with the SRA principles on which the future working relationship between the two organisations could be based. Board members agreed that it would be useful to agree early what the interface should look like and asked the implementation team to work with the SRA Executive to develop a framework that would govern this important area. The meeting also noted that it would be important to be clear about the differences between regulation and redress and to be able to signpost people effectively between the two organisations.
  4. In discussion, the following points also arose:
    - in the recent experience of the SRA, running service and conduct investigations in parallel seems to work effectively, noting however that the majority of service complaints tend to be resolved more quickly;
    - referrals to the SRA should be supported by SRA assessments of risk;
    - that the SRA was also responsible for overseeing professional indemnity insurance for solicitors and a compensation fund arrangement and it would be useful for the OLC to understand these mechanisms in more detail;
    - the SRA and OLC will be two separate entities and will need to be mindful to respect that separation while supporting the legitimate role of each organisation;
    - the OLC and SRA share a common interest in encouraging firms to improve their complaints handling. The Board indicated to the SRA that it would welcome its views on how standards in in-house complaints handling could be encouraged to improve and indicated that some initial thoughts of the Legal Services Board and OLC would be set out with a discussion draft of the scheme rules; and
    - that the Legal Complaints Service is currently the portal for all complaints about both service and conduct. The SRA expressed the view that for reasons of simplicity a single portal had merit, however, the SRA was set up to take complaints from a range of people and would not turn anyone away. The meeting agreed that there was a need for effective signposting between organisations.
  5. Elizabeth France thanked Mr Townsend and Mr Quinney for their engagement with the meeting as it provided a solid basis for future work. She confirmed that this would be the start of an ongoing dialogue.
  6. Reflecting on the discussion, the meeting noted that ensuring processes were set up with proper data protection notifications from the outset would assist the legitimate sharing of information with the SRA and other regulators. The meeting also reiterated the importance of understanding how indemnity insurance might be a factor in ensuring redress could be provided to consumers.

**ACTION:**

- SRA to provide detailed information about the role of professional indemnity insurance and its compensation fund to assist the OLC understand how these aspects of regulation link to its role in ensuring consumers are able to access redress.
- Implementation team to work with the SRA executive to develop a framework that sets out how the interface between the SRA and the OLC will work in practice.

**Item 2 – Vision and values session**

7. Members participated in a facilitated discussion about vision and values for the OLC. Members debated why the OLC had been established and how it wished to approach its role. The session focused on the regulatory objectives of the Legal Services Act 2007, looking at translating these into simple ideas that will describe what the OLC has been set up to do and also to motivate and inspire staff who will work for the organisation as it comes into being.
8. Members noted that there is a broad context for the Ombudsman's role which is part of protecting consumers, supporting lawyers to provide good service and generally promoting confidence in the sector. Members also focused on principles such as independence as being also central to the role of an Ombudsman scheme and referred to the British and Irish Ombudsman Association (BIOA) principles of good complaints handling and the draft on good governance to inform their debate.
9. The meeting also looked at what values would be key to the organisation both now and as it enters a steady state. The meeting agreed that fairness would be a central value of the organisation, and discussed other values that they believed might be appropriate for an Ombudsman scheme and that would meet the twin purpose of supporting staff resolve complaints as well as giving consumers and lawyers confidence in the OLC approach.
10. The meeting agreed that the implementation team would incorporate the Board's views in a paper that outlined a vision and values for the organisation.

**ACTION:**

- Revised statement about context and role to be developed quickly to be incorporated in the launch documents.
- Implementation team to incorporate members' views into a paper setting out refined options for vision and values for the organisation based on the regulatory objectives and having regard to the BIOA principles for a future meeting.

**Item 3 - Apologies**

11. No apologies had been received and no declarations of interests were made.

**Item 4 – Matters arising**

12. The progress against action points was noted.
13. The meeting noted a letter of 8 July to the Chair from the Minister, Bridget Prentice.

14. Members asked that for early sight of the engagement strategy being prepared to support the launch of the OLC. Members also noted progress in the work to establish quickly a website for the OLC and recognised the need to develop two 'brands' with the Office for Legal Complaints sitting behind the more public facing Ombudsman scheme. It was noted that a marketing and design company had now been engaged to take this forward.
15. The meeting noted that the Legal Services Act 2007 itself provided members with indemnity in relation to the conduct of their activities as board members.
16. The Board also indicated that it would like to see the implementation team look broadly at what constitutes good practice in mediation, looking at and beyond Ombudsman schemes. Members noted that there was a wealth of experience that could assist in the OLC developing its business process to set the standard for good practice among Ombudsman schemes in relation to offering mediation. Members with expertise and experience in this area offered their assistance.

**ACTION:**

- An engagement strategy for key stakeholders presented to the Board;
- A paper to assist the Board understand the process for developing a corporate image for the OLC be developed.
- Implementation team to seek advice and expertise from Margaret Doyle and Rosemary Carter to inform how to incorporate mediation into the OLC business process.

**Item 5 – Chair's update**

17. The Chair reported that that she and the Chief Ombudsman designate had continued to meet a range of stakeholders. She had also written to the Ministry of Justice to thank them formally for their constructive partnership in developing the Management Statement and Financial Memorandum that formed the basis of the financial handover that took place on 1 July 2009.
18. She also noted that annual reports had been received from the Legal Services Ombudsman and the Legal Services Complaints Commissioner. These would be circulated to members.

**ACTION:**

- Implementation Team to circulate pdf version of Legal Services Complaints Commissioner (LSCC) annual report to members.

**Item 6 – Chief Ombudsman's report**

19. The Chief Ombudsman advised the meeting that the implementation team was nearing the end of the design phase. The approach to the next phase would be outlined in more detail as part of the finance report, as procurement was a key factor in the next phase of activity.
20. The meeting also noted what are likely to be key risks to be managed in making sure the OLC is able to open its doors and deliver an effective service before the deadline of 31 December 2010.

## **Item 7 – Launch documents**

21. The Chief Ombudsman outlined the plan for publishing a launch document in late July to announce the establishment of the OLC and to put some context around the discussion draft of the scheme rules for the Ombudsman scheme. A draft had been circulated to members for review and comment. The meeting noted that a holding website would be established to coincide with the launch and would have on it the information included in the launch documents.
22. The meeting discussed the launch documents focusing on key principles and ideas members wished to see included in the text, and to agree a general style and tone. The meeting agreed the aim of the documents would be to set out our approach and the context in which the OLC had been established. Members also noted that it was important to help key stakeholders understand the work that was being done by the implementation team and to give a sense of the momentum of future work to set up the OLC. It would be an opportunity to help stakeholders feel confident in the process and in the governance arrangements that had been put in place to date.
23. The Chief Ombudsman advised the meeting that timeframes were tight to meet the Board request that the initial launch documents be put into the public domain before the summer break. To help meet this timeframe the meeting agreed that the Chair would have final review and would approve the final version of the launch documents on behalf of the Board. Members agreed to pass on to the implementation team any drafting points outside the meeting.

### **ACTION:**

- Implementation team to finalise launch documents and ask the Chair to review and approve the final version for publication.

## **Item 8 – Finance report and procurement presentation**

24. The meeting noted the papers that had been circulated outlining the approach to finance reporting following financial handover on 1 July 2009. As part of this the meeting noted the delegations of spending limits that had been included in the suite of documents that had been approved as part of financial handover.
25. The Director of Operations advised that now that the OLC had financial handover, there was a need to begin to spend some money to enable implementation to continue apace over the summer. Beginning procurement processes for IT and property were key factors.
26. The following points arose in discussion:
  - Members would welcome regular information about projected cash flows for the OLC; and
  - that reports should include information about viring between different areas of the budget.
27. Members agreed during the implementation phase to establish a Finance Committee to ensure good governance in relation to finance by the Board. The Finance Committee would have the same membership as the Audit and Risk Committee and the Committees would meet back to back though not as frequently as the Audit and Risk Committee, but as required. The Board asked Tony Foster to chair the Finance Committee, noting that a different Chair of the Committee would make sure the different roles and remits of the Finance and Audit & Risk Committees did not become confused. The role of the Finance Committee would be to report to the Board to give it comfort that finance was being appropriately managed.

28. Finance reports should continue to be made to the Board on a monthly basis with more detailed work looked at in subcommittee.
29. The Chief Ombudsman gave a detailed presentation to the meeting outlining procurement requirements and the requirements to continue with the implementation programme. The presentation explained work done to date in planning the establishment of the OLC, the Ministry of Justice procurement process and highlighted what resources were required over time both in terms of infrastructure and people.
30. The Chief Ombudsman asked members to note that the OLC was required to submit an overview of the proposed procurement process to the Ministry of Justice quickly in order to begin the process. It was agreed that as there was a considerable amount of information to absorb the Chairman and Tony Foster would look at the paper on which the presentation was based before it was submitted and offer any comments.
31. Members noted that the Remuneration Committee would play a key role in determining the approach to recruiting permanent members of staff. Human resources and a need to make sure robust systems were in place early was agreed to be a priority for the OLC.
32. The meeting also noted that there might be some spend required over the summer. Members agreed that the Chair of the Finance Committee (or another member of the Committee if the Chair is unavailable) and the Chair of the Board would review and approve any spend on behalf of the Board over the summer subject to limits to be agreed by the Chair of the Board and the Chair of the Finance Committee.

**ACTION:**

- A Finance Committee would be established with Tony Foster as Chair of the Committee. Meetings to be held back to back with Audit and Risk Committee meetings though not as frequently as the Audit and Risk Committee, but as required.
- The Chair of the Board and the Chair of the Finance Committee would review the OLC submission to the Ministry of Justice and, if satisfied, approve it on behalf of the Board to begin the procurement process.
- The Chair of the Finance Committee (or another member of the Committee if the Chair is unavailable) and the Chair of the Board would review and approve spend on behalf of the Board over the summer subject to the following limits agreed by the Chair of the Board and the Chair of the Finance Committee outside the meeting - the Chair of the Board and/or Chair of the Finance Committee would be notified of any commitments over £50,000 and would be required to approve any spend over £100,000.

**Item 9 – Property Strategy**

33. The Director of Operations gave an overview of the strategy in relation to identifying and procuring a property for the OLC. Members were asked to comment on the proposed criteria for the selection of a building.
34. The meeting discussed the steady state requirements of the OLC and as part of this discussion noted that the OLC, due to Government requirements, must review its property requirements five years after opening. The meeting also noted that Government requirements also meant a high performance, environmentally sound building would be required. Members indicated that the building should also ensure best practice compliance with the Disability Discrimination Act.
35. Members agreed that a city centre location for the OLC would be more desirable than a location that was out of town. Reasons for this included the need to attract and be

accessible to a wide range of potential staff members as well as the need to be environmentally thoughtful and promote use of public transport. This and sufficient floor space to allow an open plan environment in one location were key criteria.

36. Members asked the implementation team to use these criteria to develop a short list of options for buildings and noted that they would be happy to consider this off line over the summer if required. Members also indicated that they would be willing to visit properties with the implementation team.
37. The meeting also noted that a temporary office would be required in the same city to house the implementation team. Members noted that the Ministry of Justice may be able to assist with an interim location once a permanent location had been determined.

#### **ACTION**

- Implementation team to develop a short list of potential buildings based on the criteria agreed by the Board.
- Implementation team to invite Board members to visit potential properties.

#### **Item 10 and 11 – Future agendas and any other business**

38. The meeting noted that Victor Olowe, Chief Executive of the Council for Licensed Conveyancers (CLC) would attend to next scheduled Board meeting to give a presentation about the role of the CLC.
39. The meeting noted that there was a high volume of urgent business for the Board and asked the implementation team to consider whether there was a need for an additional meeting in early September 2009.

#### **ACTION**

- Board secretary to review pattern of Board meetings and re-schedule meetings as required.

#### **Date of next meeting**

40. The next meeting currently scheduled is for 28 September 2009 at 10.00am.

**Alison Robinson**

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