

LEGAL
OMBUDSMAN

***Making a difference,
case by case***

Consultation:

**OLC CORPORATE
STRATEGY 2020-23**



FOREWORD

The Office for Legal Complaints (OLC) is consulting on its strategy for 2020-2023, seeking views on both this and the business plan for 2020/21, from our stakeholder community in the legal services market and beyond.

As always, change is an inevitability in legal services, and we all continue to grapple with new challenges and to review the appropriateness of the frameworks under which we operate. While there are innovations we must address, such as artificial intelligence (particularly in lawtech), greater demand for transparency, and new regulatory arrangements, our essential role in the market remains unchanged. We provide redress for people where things go wrong, resolve disputes that cannot be concluded at first-tier, and share learning to raise standards.



Ultimately, the Legal Ombudsman scheme exists to provide assurance to people that when they use legal services, they can trust their providers and have confidence in the service they will receive. In so doing, we actively support access to justice. We have updated and simplified our vision and mission to express this fundamental principle.

Our last strategy focused on the need to modernise a number of aspects of our business, and it is a testament to the commitment and hard work of staff at the Legal Ombudsman that they have introduced these changes alongside business as usual.

As we approach the next three-year strategy, we are keenly aware we still have work to do to meet our own expectations as well as those of stakeholders, complainants and their service providers. Next year's business plan includes a commitment to provide a much improved, timelier service to everyone who comes to us.

We have done a lot of good work in the last year to improve our performance, but we know that people's perception of our service is affected by the wait at the beginning of our process. Performance has been getting better over the past year and we will be able to reduce waiting times by two-thirds by March 2020. We are now working at maximum efficiency for the staff we currently have, and so to go beyond this we will need to increase our operational staff. Our proposed budget increase of £2.4m next year reflects this, as well as our commitment to increase our learning and feedback work for the sector.

Our strategic objectives for 2020-23 seek to focus on our service and the range of support we offer to the public and providers, including responding to the 110,000 annual contacts we receive as effectively as possible. We will work to add value to the complaints journey at each stage, as well as investing much more in our learning and insight work. Underlying this is an approach to ombudsman work which seeks to get to the heart of a dispute and understand how we can best support resolution between complainants and their legal service providers.

Building on the improvements we have made to our organisational capability over the last three years, I am confident that we will be able to demonstrate the true value that an ombudsman brings to the legal services market.

I look forward to receiving your feedback on this consultation, and continuing to work with colleague regulators to meet our shared statutory objectives.

Rebecca Marsh
Chief Ombudsman & Chief Executive

LOOKING BACK: STRATEGY 2017-20

As I reach the end of my three-year term as Chair of the OLC Board, I am proud of the strides we have made over this period to improve our service offering and ensure the Legal Ombudsman remains relevant and accessible to all who need our help. I have decided not to seek re-appointment at the end of this term, and therefore I would like to take this opportunity to reflect on our achievements over this period.

We published our strategy for 2017-2020 in April 2017 and set four objectives regarding the work we would undertake over the following three years:

- 1. To provide effective, efficient and high quality resolution of complaints by embedding the customer service principles throughout the organisation*
- 2. Understand the legal service and CMC environments, and feed back to improve standards*
- 3. To develop the scheme and the service we provide*
- 4. To modernise LeO to deliver continuous improvement in performance and customer service and embed the right leadership, culture, skills, technology and ways of working*

To put these into practice, our business process went through a complete overhaul. As a result, key areas of our process improved significantly and we have identified areas for further development. We met many of the secondary timeliness KPI measures for the majority of the last three years, although we have not achieved the overall performance we were striving for. We recognise that the delays faced by some complainants and service providers have not represented the standard of service we want to offer.

However, our Customer Assessment Tool (which has so far been used by almost 25,000 people) has allowed people to understand quickly whether they are within our jurisdiction, and our Vulnerable Customer Champions are supporting a range of people who would otherwise have struggled to complain. We are still in the process of piloting new ADR methodologies, but hope that further efficiencies will be identified from this.

The challenges with our people have been greater than we envisaged due to the scale of change alongside performance demands. This has meant a tougher environment for recruiting and developing our staff, and while we have now stabilised this situation, we still need to improve the resilience of our workforce.

We have nevertheless achieved the aims of the Modernising LeO project, including implementing a new, effective case management system, new telephony, a new Information Rights and Security framework, completion of the Claims Management Company transfer project, rationalisation of our estates, and a refreshed appraisal framework for staff.

Over the last six months it has been fantastic to see the hard work of the modernisation programme paying off, with case closures increasing and backlogs reducing significantly. We now have a high degree of confidence that we can move forward and achieve sustainable performance, and really help in challenging the legal sector overall to improve.

These past three years have been a real challenge for the organisation, but one I believe we have met with great determination. It is because of the tenacity and laudable work ethic of our staff that I feel confident that the organisation will continue to move forward over the next three years as well.

Wanda Goldwag
Chair, Office for Legal Complaints

LOOKING FORWARD: HORIZON SCANNING

In formulating this strategy, we have been mindful of external developments that are likely to have a bearing on our organisation over the next three years.

Greater interest in early resolution techniques and public interest decisions

Emphasis on accessibility and transparency for the public

New SRA Standards & Regulations taking effect, including new practising arrangements

UK may leave the EU (or have already left) which will affect exchange of services, especially in the event of no deal

UCL Review of Legal Regulation likely to recommend significant changes, though implementation is uncertain

Planned publication of White Paper on ADR and consumer protection in 2020

Increased funding committed to exploring 'lawtech' initiatives, growing interest in AI

Launch of Solicitors Qualifying Examination in 2021, changing how solicitors are trained

Ombudsman sector still subject to increased scrutiny by MPs

Recommendations for new property agent regulator and New Homes Ombudsman

Potential for law firm insolvencies to continue increasing, which may have implications for our remedies

Divorce reform on legislative agenda for next parliamentary session

Leasehold inquiry by CMA and further calls for reform of system

Personal injury market shrinking

Further work on the quality of criminal justice advocacy

LOOKING FORWARD: STRATEGY 2020-23

Mission:

To be an independent and impartial ombudsman service providing reassurance and redress while constructively challenging the legal sector to improve.

Vision:

Our work builds genuine trust and public confidence in legal services in England & Wales.

To help us achieve our mission, we have drawn up three draft strategic objectives that we believe should guide our organisational approach over the next three years.

1. Improving the experience of our service for complainants and service providers while using our expertise to guide and add value to the complaints journey

2. Increasing the transparency and impact of our casework to support greater access to justice

3. Developing our service to ensure it is appropriate for the evolving legal sector

Each year, this strategy will be underpinned by a business plan, budget, delivery plans and key performance indicators (KPIs) that provide more detail on what we will be working on and how we will measure each of our objectives.

STRATEGIC OBJECTIVE ONE

- Improving the experience of our service for complainants and service providers while using our expertise to guide and add value to the complaint journey

Where are we now?

We have:

- Altered our investigation process so that most of our customers deal with the same investigator throughout, and there are fewer pauses between different stages.
- Resolved over 2,000 complaints from our previous case management system which had been accepted under our old process.
- Reduced wait time at the front end of our process by half since April 2019, and currently on track to reduce this by two-thirds by March 2020.
- Maintained a consistently high level of monthly closures so that by the end of the year we will have helped 7,200 people.
- Introduced an online Customer Assessment Tool which has provided easier access to our service for over 25,000 people.
- Introduced new ways to support our staff so that complainants and service providers receive higher quality and more consistent outcomes to their disputes.
- Improved our data and insight reporting so we can understand more about how we are processing our casework.

The key things to do in the next 12 months are:

- Increasing the levels of operational staff so that people are not waiting at the front end of our service.
- Ensuring that disputes are resolved in the most appropriate and effective way and getting to the heart of what people are really complaining about. We will do this by focusing on cases where poor service has had a clear negative impact on people, and taking a more robust approach where our involvement would not add any value.
- Communicating all stages of our process more clearly, so that complainants and service providers have a better understanding of how to engage with us and what to expect from our service.
- Taking a more individualised approach to development of our staff through tailored plans to build skills and expertise, in order to enhance quality.
- Exploring the benefits of developing our data reporting further to support caseload management.

What difference will we have made in 3 years?

- People who are in dispute with their service provider (often at difficult and life-changing moments) receive a service from our staff that is more sensitive to their situation.
- Both complainants and service providers trust that the way their dispute is dealt with is fair and just, because we explain our process, role and reasoning in a way that everyone understands. They recognise the value of our service and role of the Ombudsman in serving the wider public interest.
- People want to come to work for the Legal Ombudsman as a key step in enhancing their career journey.
- Overall, this means that the legal sector recognises that we provide an excellent level of service and people are more likely to be confident in engaging with legal service providers because of our work.

Where are we now?

We have:

- Issued a discussion paper to begin the conversation about how best to be more transparent and better communicate the impact we have.
- Provided a range of guidance which enables the sector to understand how we make decisions and award remedies.
- Provided regular courses which are well-received by the profession and supported other bodies by sharing our experience through conferences, podcasts and networking events.
- Continued to share our data with regulators to help them understand their regulated communities.

The key things to do in the next 12 months are:

- Directing a greater proportion of our budget towards feedback work in order to provide a better insight from our casework and support firms where most appropriate.
- Building systematic learning as well as individual provider feedback into our operational process, and articulating externally the key information from our data to highlight trends in casework.
- Working more closely with our stakeholder community to communicate the lessons from our work to a wider audience.
- Creating a dedicated role for direct liaison with firms and individual providers to give them more tailored support.
- Making better use of existing processes to support action by the regulators when we identify a potential risk to the public.

What difference will we have made in 3 years?

- Stakeholders in the legal services market value the quality of our insight and engagement work, and recognise and acknowledge the benefits of investing in customer service.
- By sharing more of our data and decisions, people have a better understanding of what reasonable service looks like, and are more confident in complaining where service falls short.
- People who wish to research potential service providers will have access to a greater range of information about the outcomes of complaints about them.
- Legal service providers have a better understanding of, and opportunity to act upon, the causes and impact of complaints.
- People will have a better experience of using legal service providers because of our contribution to raising standards.
- Law schools and others responsible for education, training and ongoing learning will have access to materials we produce about good customer service.

STRATEGIC OBJECTIVE THREE

- **Developing our service to ensure it is appropriate for the evolving legal sector**

Where are we now?

We have:

- Spoken regularly to major stakeholders about any proposed policy changes that are likely to affect our work with the profession, including the new SRA Standards and Regulations and UCL Review of Legal Regulation.
- Introduced a regular horizon scanning paper for our Board and senior staff to understand the world outside our offices and inform decision-making.
- Started scoping the potential of artificial intelligence to benefit different aspects of our business process.
- Adjusted the language used in our investigations and Scheme Rules according to the results of specific research.

The key things to do in the next 12 months are:

- Developing any artificial intelligence mechanisms that we find effective through our scoping project.
- Drawing from best practice across the ombudsman sector (and others) to identify ways that we can continue to improve our service.
- Integrating horizon scanning into our operational forecasting, allowing us to anticipate changes in demand more reliably.
- Working more regularly with stakeholders to understand wider forces that will impact upon the work of the entire legal services market, as well as to inform any changes those stakeholders may be making at an earlier point in their thinking.
- Increasing staffing to develop our organisational communications and to ensure that access to redress is highlighted in the right forums, across the sector.

What difference will we have made in 3 years?

- Sector policy takes account of the importance of access to redress where otherwise this might be put at risk by innovations and fast-paced change.
- Improvements to our service will be better suited to the people who come to us because they are more firmly rooted in evidence.
- Our staff will be actively engaged and involved in growing our service based on their experience of conducting casework, so that we stay up to date with people's evolving needs and expectations.
- The customer journey will be smoother and more tailored and our feedback work will be more detailed due to the support offered through artificial intelligence, automation and machine learning.
- As changes happen externally, people's experience with our organisation and process will remain consistently good, as we easily adjust to sector changes as well as changes in demand for our service.
- We will understand how to close gaps in redress for people using legal services, as we listen to the experience of those in the sector and provide guidance to government on key matters.

HEADLINE BUDGET 2020/21

Total budget

The table below provides a three-year history of the OLC's budgets, and our indicative revenue budget for 2020/21. Our budget needs to be approved by the Legal Services Board (LSB).

	2017/18 (actual)	2018/19 (actual)	2019/20 (budget)	2020/21 (indicative)	2021/22 (indicative)	2022/23 (indicative)
Cases concluded	6125	6206	7,200	8,460		
TOTAL Net OLC Expenditure Budget (£m)	10.927	11.899	12.346	14.758	14.361	14.057

The OLC has historically worked hard to reduce costs. The table above demonstrates that the cost of operations is clearly related to the case closures achieved, and as outlined elsewhere in this document, we intend to increase these significantly in the next year. This is in line with our ambition to improve customer journey times radically and eliminate all unnecessary waiting time in our process, as well as increasing our investment in sharing learning from our casework with the profession.

Therefore we are proposing a 20% (£2.4m) increase in the 2020/21 budget to achieve these aims, reducing towards our new base level budget in 2021/22 and further reducing to reach that base position in 2022/23. Of the increase for 2020/21, £1.2m relates to additional staff needed to deal with the increased case closures, £0.4m for investment in feedback to the profession, and the remainder to IT costs and inflation.

As part of our new strategy we are also developing a new end-to-end KPI that will allow us to gauge timeliness through the eyes of our customers.

Budget allocation

The Legal Ombudsman provides three headline services:

- i. Advice and support to the people contacting our organisation at the front end.
- ii. Feedback to the profession, including provision of the raw data on complaints, and production of themed guidance and professional learning courses.
- iii. Investigation and resolution of cases falling within our jurisdiction under the Legal Services Act 2007.

While investment in investigation and decision necessarily will also contribute to feedback work, the budget directly assigned to these functions is as follows:

	2019/20 £'000	%	2020/21 £'000	%
Advice & Support	1,253	10.1	1,342	9.1
Feedback	317	2.5	565	3.8
Investigation & Decision	10,776	87.4	12,851	87.1
Total	12,346	100	14,758	100

Capital budget

Our indicative capital budget is set out below, alongside historic figures. Our capital budget is funded directly by Government and recovered through depreciation charges included in our revenue budgets. This year it will cover investments in our end user devices, business intelligence reporting, and proof-of-concept artificial intelligence (AI) projects.

	2017/18 (actual)	2018/19 (actual)	2019/20 (budget)	2020/21 (indicative)
Capital expenditure (£'000)	442	130	250	250

Unit cost

In the past unit cost has been calculated by dividing our overall budget by the number of cases we conclude over the financial year.

This does not give an accurate reflection of the cost of investigating an individual case, because it includes costs that are unrelated to investigation and decision – such as provision of advice and support, and feedback to the profession. In 2020/21 therefore, the costs for investigation and decision have been separated, and our unit cost figures calculated accordingly.

Furthermore, 68% of cases we investigate are of low complexity, 31% are of medium complexity, and just 1% of high complexity. Because of the differences in the resources consumed, the unit costs for cases of different complexity vary markedly as shown for 2020/21 in the table below:

	2017/18 (actual)	2018/19 (actual)	2019/20 (budget)	2020/21 (indicative)
Cases concluded	6125	6206	7,200	8,460
Average unit cost (£)	1,787	1,926	1,715	1,519*
Low complexity (£)				1,229
Medium complexity (£)				2,025
High complexity (£)				5,597

Costs apportioned by volumes and median transaction time.

**If calculated in the same way as in previous years, the unit cost for 2020/21 would be £1,744.*

Monthly monitoring shows that unit cost is currently being delivered within target and is forecast to remain so until the end of 2019/20.

HOW TO RESPOND

We are seeking feedback from stakeholders on our 2020-23 strategy and 2020/21 business plan and budget. The consultation closes at 5pm on **14 February 2020**.

Section	Consultation questions
Horizon scanning	1. Have we considered all of the external developments that may affect our operations over the lifetime of this strategy? If not, what else should we take account of?
Strategy and business plan	2. Have we identified the correct strategic areas to focus on in the next three years? If not, what should we be addressing? 3. Are there any objectives that should take priority amongst these? 4. Will our proposed actions for the next 12 months help us to achieve the strategic objectives we have set for 2020-23?
Budget	5. Do you agree with our plans for an increased budget in order to bring about the proposed improvements in customer journey and in learning and feedback to the sector?

We welcome comments on all aspects of this paper, as well as any evidence supporting your views. If possible, please send your responses electronically – although hard copy responses by post are also welcome. There will be opportunities for stakeholders to comment and contribute in person at events we are holding in January 2020.

The Legal Ombudsman usually publishes a list of those who respond to consultations. If you wish to remain anonymous, please let us know.



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If you have any questions concerning this publication or how to engage with us about our strategic planning, please email support@legalombudsman.org.uk.