

Final

Strategy 2012-2015

Business Plan 2012-2013

LEGAL
OMBUDSMAN

A modern Ombudsman scheme



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2012-2015 Strategy and 2012-2013 Business Plan

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Office for Legal Complaints (2011)

The Office for Legal Complaints (OLC) itself has specific statutory duties, including a formal relationship with other bodies as set out in the Legal Services Act as well as its role as the non-executive board for the Legal Ombudsman. While acknowledging the specific role of the OLC, we refer to the OLC in this document in the context of it being the board for the Legal Ombudsman. The use of the Legal Ombudsman (rather than the OLC) refers to the complaints handling body and the operational and administrative staff who work within the Ombudsman scheme.



Foreword from our Chair, Elizabeth France

This is the our second business plan for the Legal Ombudsman. The first was, necessarily, focused on the establishment of the Ombudsman scheme, which section 115 of the Legal Services Act 2007 requires the Office for Legal Complaints (OLC) to administer. We met our initial objectives. A new service was available from 6 October 2010 to provide clarity and simplicity in relation to redress. This was done at a time of considerable change in the broader context within which we work. The regulatory objectives set out in the Act are clear. We can now contribute to them by providing an effective and efficient scheme and sharing, as well as using, the intelligence the Ombudsman gains from complaints handling.

I am very proud of the progress made in our first year and of the impact the Ombudsman has already demonstrated. But my fellow OLC members and I are aware of the importance of looking for continuous improvement in the service for those who need access to redress. This applies to lawyers as well, who can gain valuable insights to help drive up standards in their profession.

Our challenge is to continue to develop our core service so that we provide quick and effective redress with minimum formality, as the Legal Services Act charges us to do, within this developing context. Our stakeholders agreed with this focus and encouraged us, during our consultation on this strategy, to work in partnership to ensure the Ombudsman scheme provides an efficient and responsive service. We retain our commitment to working closely with regulators, policy makers and others to make sure regulation and redress fit with innovation and developments in the market – ensuring we draw evidence to share from the first hand experience of people using services, our complainants, to inform broader approaches. While this is a traditional role for ombudsman schemes, our challenge is to apply these principles in a way that is appropriate to the context in which our particular scheme is operating.

Stakeholders also told us that they agreed that the momentum of the change in the legal and consumer worlds means that we shall need to continue to look for ways to keep in step with developments and ensure that redress stays relevant and joined up in a changing landscape. In the short term, we want to make sure the service gets faster, smarter and more effective. We are keen to build on informal links between ombudsman schemes working in similar areas and shall look for strategic opportunities to work with others where that will bring benefits to consumers. And with the support of many from the consumer and legal sectors – both the regulated and unregulated aspects – we shall now begin in earnest to look at how best to use the provisions in the Legal Services Act to create a voluntary jurisdiction if this would fill gaps in access to free and fair redress for consumers of legal services.

This strategy document explains the role of the Legal Ombudsman. It explores in more detail the external context and some of the potential ways in which our Ombudsman scheme will need to respond or change in order to continue to develop and fulfil its role. It also re-examines some of our early thinking, sets out some key deliverables over the next three years and talks about how different our service might look in the future.

Elizabeth France, CBE

Chair





Overview from our Chief Ombudsman, Adam Sampson

If we learned anything in our first year of operation about the complaints we resolve, it was about the importance of effective communication early on in the service delivered by any lawyer or business. This is a pattern repeated across the experience of Ombudsmen in resolving complaints, as is the importance of ensuring ease of access to redress and sharing evidence from complaints in order to bolster standards and inform structural reforms.

For us, our key learning was the importance of keeping it simple, both in how we resolve complaints and in what we strive for across the organisation. We are in the midst of change of the context that our Ombudsman scheme is working in. There are innovations and developments in the legal market and debates about the shape of legal regulation, as well changes in the justice, consumer and advice landscapes. And as the responses to our consultation on this Strategy indicate, even in the intervening months, the market has continued to evolve, meaning we have updated our thinking again in this final draft, with a note to ourselves to ensure that we retain flexibility to meet this volatility. It does also mean that we must keep a focus on those key elements that ensure we fulfil our promise as a modern ombudsman service.

The basis of our Strategy and Business Plan stems from our role as Ombudsmen. We are not consumer champions or protectors of the profession, but independent and neutral. In order to help the profession improve its standard of service, we also have a duty to share evidence and provide feedback and advice. This will help to ensure that, where problems have occurred, lessons are learned to prevent them happening again as far as possible. Over the coming year, we will work even more closely with our stakeholders to discuss and tackle any systemic problems identified from research into complaints. We will share our knowledge and expertise in the principles of good complaint handling and trends in the market, both with the broadening legal world, to help them understand how they can improve the services they provide, and with regulators and policymakers, to help them keep pace with a dynamic market.

I would like to take this opportunity to thank stakeholders and colleagues for the way in which they have engaged with us over the previous year and during the consultation process for this Strategy. Our work in the coming year will develop and grow and we will continue to engage and consult our stakeholders wherever possible. Not least, this is because there are both challenges and tensions for the Ombudsman scheme in responding to the complex landscape in which we find ourselves.

Much of our strategy and detailed plan for the coming year is to keep our focus on simplifying our approach so we can be even more effective and shrewd in how we run our Ombudsman scheme. This approach was supported by those who engaged in our consultation process and gives us comfort that this plan is an appropriate one for the road ahead. This Strategy sets out our corporate approach (including strategic objectives and approach to performance management), and talks about our core business and challenges for the years ahead.

Our starting point is our vision, that everyone is able to access legal services in which they have confidence, and our values – being open, independent, fair, effective and shrewd. We have also sought to be specific about the five strategic objectives which underpin everything we do, and after this useful round of consultation have bolstered our description of the linked performance indicators we will use to measure how well we are doing. The central focus of this document is therefore a shift away from being perceived as ‘new’, to refining how we deliver our service with a view to getting as close to excellence as we possibly can.

Adam Sampson
Chief Ombudsman





Who we are and what we do

The Office for Legal Complaints (OLC) is the creation of the Legal Services Act 2007. It is charged with running an independent, free and accessible ombudsman service (which in its decision making is independent of government and the legal profession) for consumers of legal services who have complaints against their legal services provider.

The OLC itself has specific statutory duties, including a formal relationship with other bodies as set out in the Act, as well as its role as the non-executive Board for the Legal Ombudsman. While acknowledging the specific role of the OLC, we refer to the OLC in this document in its role as the Board for the Legal Ombudsman. The use of the term 'Legal Ombudsman' (rather than the OLC) refers to the complaints handling body and to the operational and administrative employees who work within the Ombudsman scheme.

The scheme itself, named the Legal Ombudsman, takes its powers from sections 125–129 of the Act. The Act defines the terms of the new scheme and these in turn are embodied in the Scheme Rules. The scheme deals only with consumer complaints about the service received; it does not deal with disciplinary matters, other than to ensure an information flow to those Approved Regulators who exercise such functions. Its role is two-fold: to provide consumer protection and redress when things go wrong in individual transactions within the legal services market, and to feed the lessons we learn from complaints back to the profession, regulators and policy makers to allow the market to develop and improve. As such, the Legal Ombudsman occupies an important and vital place within both the broader justice and consumer landscapes.

This is the first Strategy and Business Plan to be developed with the benefit of knowledge of real cases and stories from complaints. This offers us practical insights, not only into how the market works, but also to help us shape our service in the future. Moving from our inception and through this first year and more of operation, we have said we want to build an Ombudsman scheme that not only resolves individual complaints but also shares that learning and insights to help improve outcomes in legal services.

Such improvements might be in the standard of legal services being offered, or in helping consumers become more confident in using legal services, or by contributing to the broader debates that increasingly impact on how services generally are being offered and the role of redress schemes in the wider arena of consumer protection.

The basis for our service stems from the Legal Services Act 2007, from our governance arrangements and, increasingly, from a changing legal and consumer context. These provide some givens in how we propose to meet the challenges of the future. One of these, for instance, lies in committing to develop our capacity to look at the underlying issues around complaints and share these to inform broader regulatory and policy responses to emerging issues.

However, before we embark on an examination of the challenges ahead and our approach to delivering the Legal Ombudsman in the future, we thought it worth restating the foundations on which our scheme is built. Some these are set in statute, such as the regulatory objectives. Others were put in place before we opened, such as our vision and values, and we believe these remain relevant as an operational organisation.



The regulatory objectives

The Legal Services Act sets out eight regulatory objectives as a framework to regulation and redress. Under the Act the OLC must, so far as is reasonably practicable, act in a way that is compatible with those objectives and makes specific reference to them in our reporting and planning. The eight regulatory objectives are set out in Appendix 1. While it may be argued that some of the objectives are not as relevant to an independent ombudsman as perhaps they are to our colleagues in the regulatory bodies, the OLC has taken the view that it is right to refer to the objectives as a whole. This provides some useful limits as well as some assistance in assessing risk. They will require a balancing of the different objectives as circumstance requires. It is unlikely that a specific issue or activity will allow us to deliver each separate objective.

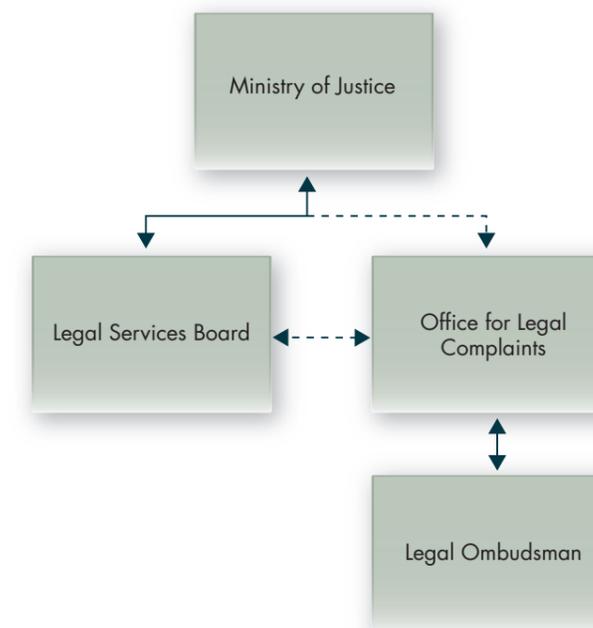
With that said, the OLC seeks to act in a way that is consistent with the regulatory objectives. When it does so, it also bears in mind the additional obligations on it: to have regard to good practice in ombudsman schemes (another obligation of the Legal Services Act) as well as to the principles of good complaints handling and good governance set out by the British and Irish Ombudsman Association (BIOA), and to manage our affairs in accordance with good corporate governance.

Governance

The Ministry of Justice (MoJ) sponsors the Legal Ombudsman in line with the framework agreement. This framework is used by the OLC, the Legal Services Board (LSB) and MoJ and provides information on how we are performing against strategic aims and objectives and whether we are delivering value for money. Our budget for our first year of operation was £19.7 million, which was within the cost envelope of £19.9 million set by Parliament. While the commitments that capped our initial operating budget are no longer in place, we have chosen to challenge ourselves to put in place a prudent budget of just under £17m for 2012-13 reflecting the volumes of activity we are experiencing whilst still allowing us the flexibility to respond to change. This is in line with our own commitment to providing value for money according to principles of good governance. It also seems right given the financial climate in which we operate.

The sponsor team remain working closely with the Legal Ombudsman and OLC to advise on the appropriateness and coherence of our aims and objectives to ensure they contribute to the MoJ's overall aims and objectives. The team will also continue to provide assurances to Ministers that we are appropriately assessing and managing risks.

Although the funding for the Legal Ombudsman comes ultimately from the legal profession, it is routed through government and is therefore classified as public spending. As a result, the OLC is accountable directly to the MoJ for its financial performance. However, along with our relationship with the MoJ, the OLC also has a responsibility to report our performance to the LSB, which also agrees our budget and performance targets.



Our governance arrangements are set out in the Act and enshrined in primary legislation. There is no sign that the basic structures are likely to change during the lifetime of this Strategy. However, the detail of these arrangements will clearly need to be kept under review during the next three years and refined in response to experience and changing circumstances.





Vision, mission and values

The Legal Ombudsman decided to enshrine the expression of its role in a statement of vision, mission and values. They remain relevant as a guide to the organisation and as a touchstone against which to consider any changes to the structure or approach of the Ombudsman scheme.

The vision is simple but ambitious: that everyone can access legal services in which they have confidence.

The Legal Ombudsman remains part of a wider process of legal services and justice reform and our vision therefore recognises the role we play beyond the resolution of individual complaints. This wider role is reflected, too, in the statement of our mission:

Our mission statement:

Our task is to run an independent Ombudsman scheme that will resolve complaints about lawyers in a fair and effective way, where we are shrewd and decisive when tackling complex issues and that is open so we can give focused feedback to help drive improvements to legal services.

Our corporate values are embedded within our mission statement:

- Independent
- Fair
- Open
- Effective
- Shrewd

These corporate values have been used as a basis both for the organisational design and the selection of the behavioural competencies required of employees.



Context for the Strategy

The Legal Ombudsman has been set up to provide access to redress for the users of legal services. But the legal services market is changing, and changing rapidly. Some of these changes are deliberate. Shortly before this Strategy takes effect, we shall see licences being granted to the first of the new Alternative Business Structures (ABSs), bringing legal services out of the niche in which the requirement that reserved legal services were provided only by lawyer-owned organisations had confined them. At the time of writing, neither the number of firms seeking to embrace the new structures nor the detail of the arrangements surrounding their operation are known. However, the change is potentially a profound one, and one that poses particular challenges to the Legal Ombudsman.

Other changes, too, arise directly out of government policy.

Changes to the legal aid system, the implications of the Jackson Review, Ministerial decisions about the banning of referral fees – all of these will help to shape the market in different ways. As funding patterns shift with these changes, so the market will reform itself. The Legal Ombudsman needs to be alert to how this will impact on consumers and providers alike: monitoring changes, anticipating problems and planning for the new types of service issues that will inevitably arise. Arguably more profound are the pressures on the legal services market which are not driven directly by government policy. These come from four directions. First, there is the growing number of individuals and organisations who are beginning to exploit gaps in the regulation of legal services that have resulted from the piecemeal history of legal policy-making. Will writing, probate, employment and immigration services have all seen the growth of unregulated provision. Claims management, while now regulated by the MoJ, remains a controversial area. The result is that some consumers come to the Legal Ombudsman expecting us to be able to help with their complaints only to learn that the service they purchased was from an unregulated provider. The LSB and MoJ are alive to these challenges and the Legal Ombudsman must be ready to respond to any changes to the regulatory environment they make and to the likely effects of the proposed European Commission directive on Alternative Dispute Resolution.

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Context for the Strategy - continued

Second, there is growing interest in the legal services market on the part of hitherto separate commercial service providers. Chief among these are financial institutions, who see the opportunity to package their traditional offers alongside legal services. Thus, for example, we now have high street banks offering legal services along with financial services. A significant proportion of probate and estate handling services are now also provided by banks rather than lawyers. Legal services are also being packaged as part of broader insurance services in a way that has been familiar with car insurance policies. As these offers grow, the distinction between services that fall into the territory of financial regulation and redress and what is legal begins to erode, with the consequent risk of overlap and confusion.

Third, there are a series of challenges which arise out of the increasing use being made by legal service providers of new technology and remote marketing and fulfilment techniques. An increasing proportion of our complainants have accessed legal services through the web. And an increasing number of organisations are seeking to make use of the efficiencies offered by new technology to streamline their services. Not only does this make it difficult to apply simple tests of jurisdiction to organisations whose presence is more virtual than geographical, it also erodes the distinction between legal services and legal products. If a will generated by online will writing software proves defective, does that constitute a service failure or is it merely a defective product? The European Commission's recent proposal for a single EU-wide Online Dispute Resolution (ODR) platform may ultimately have a significant impact on the way that the Legal Ombudsman approaches complaints in this area.

Finally, there is the economic climate. The recession has arguably accelerated some of those changes identified above, or provided the impetus for some businesses to innovate to meet the challenges of straightened economic activity. As people seek to protect their incomes and standards of living there may be an increased demand for certain legal services: for example in relation to employment and housing disputes. Conversely, the demand for residential conveyancing services decreased as fewer people are choosing to move house; though those that do may be more conscious of the service they receive which may increase propensity to complain. We monitor this and share intelligence

with other ombudsmen about consumer behaviour. Nevertheless, predicting the impact, as our stakeholders stated, is an art rather than a science. What we do know is that the current economic climate will be reflected in changes to the nature of complaints received by the Legal Ombudsman and will have some impact on volumes, which we have tried to factor into our planning assumptions. Our stakeholders agree that all these factors create challenges both to the Legal Ombudsman and the regulators. But they are challenges which go beyond those who are charged with responsibility for overseeing the legal services market. Moves towards the bundling of professional services, the increasingly opaque and complex structures of delivery, the use of new technology to market and commodify services – all of these are common across consumer services and, increasingly, are changes which transcend national as well as professional boundaries.

It is because of the increasingly international nature of these phenomena that legislators and regulators across different sectors and nations are beginning to respond to the issues they create. In the UK, discussions are taking place between regulators and Ombudsman schemes about how best to respond.

As we have seen, the European Parliament is also beginning to take an interest. If there are moves to remodel the existing patterns of regulation and redress, it will be important that the Legal Ombudsman continues to play its full part in these discussions.

This is not merely so that we can simply be prepared for change. We also have much to contribute to the debate. Much of policymaking takes place in the abstract, with changes driven as much by theory as by experience. Ombudsman schemes deal in the real life experience of those who provide and receive services. The Legal Ombudsman is expecting to have contact with well over a quarter of a million users of legal services over the lifetime of this Strategy. Necessarily, this is a partial group of customers: people do not usually come to an ombudsman if they are entirely happy with the service they are receiving. Nevertheless, this provides a solid bedrock of real evidence about what is happening – and particularly about what is going wrong – in our sector. Colleagues in other schemes have a similar evidence base.

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Context for the Strategy - continued

Our stakeholders indicated they agreed it is important that we mine this evidence base for information and use that to help shape broader debates. However, this also has a cost. We have weighed these costs against the benefits and agree that this is an area that adds sufficient value and that any costs are worth bearing in light of stakeholder feedback to collect and share data from complaints. It is important, too, that regulators value this evidence and make sure their regulatory response prioritises changes to address the consumer issues we highlight.

But some of the solutions to the problems created by these pressures on the market lie within our own hands. If consumers are confused about which ombudsman scheme deals with the service they wish to complain about, ombudsmen should be working more closely together to signpost consumers to the right place or to pass cases between ourselves. And there are areas of the legal services market where responsible providers whose work currently lies outside our scheme want to offer their customers access to redress if things go wrong. There is the possibility here of the Legal Ombudsman operating a voluntary jurisdiction to run alongside our statutory one. Given the current concerns about the unregulated nature of, for example, will writing, this may be an attractive option. It is certainly an issue we will need to explore during the lifetime of this Strategy.



Assumptions

This Strategy has been built, like any other, on a set of assumptions about the next three years. For any ombudsman scheme, the key assumption is always about the level of demand: the number and nature of complaints that will be raised over the next few years. Huge effort is traditionally put into analysing trends over the preceding few years and modelling how they foreshadow changes in the sector. The fact that those efforts rarely produce robust forecasting data is a constant source of frustration.

In the case of the Legal Ombudsman, forecasting is even more difficult. Having been established for only one year, the level of demand on our scheme is yet to settle into an established pattern. As awareness of us has built over the past 12 months, so has the number of eligible complaints we receive. Even after detailed

modelling of our first year of operation, we cannot be certain how many complaints we should be receiving under current market conditions and it is well-nigh impossible to predict what we should prepare for in the future. We were reassured that stakeholders understood and sympathised with this difficulty. Our ability to do this will improve over time, and we are more confident in our re-worked planning assumptions, which are based on evidence from our first year of operation, having had the benefit of some months more to assist us to refine our initial thinking. It is not only the raw number of complaints which is at issue. It is also how those complaints interact with our business process. When we established our scheme, we had to make some predictions about how the 80,000 to 100,000 contacts a year we were expecting would translate into complaints that were eligible for investigation, and how many of those complaints would in turn be incapable of informal resolution and require full ombudsman decisions. Over the first 12-16 months of the scheme, we have seen the proportions of complaints which turn out to be within our jurisdiction varying significantly. At the same time, the number of cases requiring ombudsman decisions has been increasing markedly. Until these patterns settle into some sort of stability – if indeed they ever do – we cannot easily predict what our workload will actually be.

We had around 75,000 contacts during our first full year of operation (since 6 October 2010). Around 7,000 of these contacts resulted in cases which have been, or are currently being, investigated. Our experience over the last six months is one of gradually increasing contact volumes. And our expectation for 2012-13 is that contact and case volumes will continue to grow through the year and fall within a range of between 80,000 and 85,000 contacts.

This expectation is based to a degree on external factors. We are at the bottom of the market and as the economic climate improves we will see an increase in the number of legal transactions, particularly in the conveyancing market. This, in turn, will lead to more complaints. In addition, the work that we are doing to raise the Legal Ombudsman's profile will encourage more complaints from consumers who had previously been unaware of the route to redress.

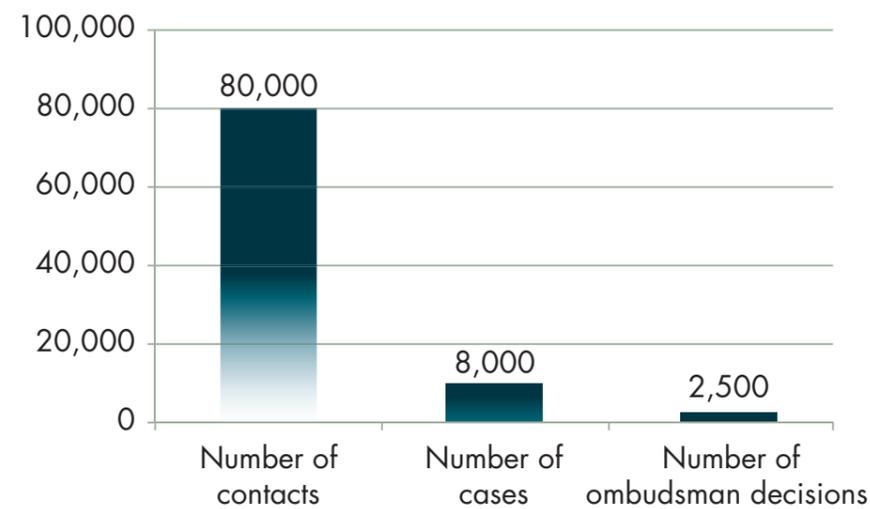
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Assumptions - continued

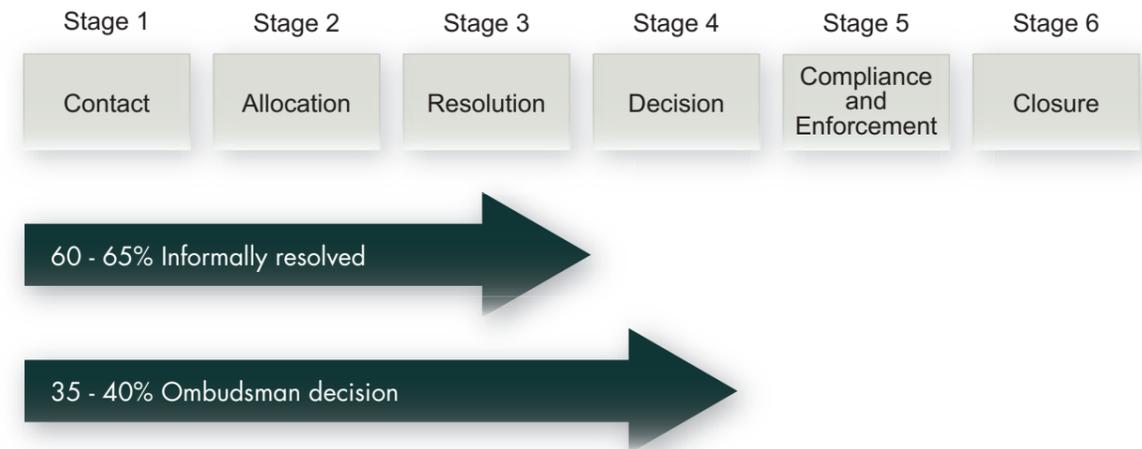
Given the increase in contact and case volumes being accepted, we assume that our contact volumes will convert into approximately 8,000 cases requiring investigation, as the graph below illustrates. This is lower than the original prediction and reflects our desire to only record cases that ultimately fall within jurisdiction. We have therefore excluded those which we may accept in good faith but upon further investigation cannot be resolved by us.

Planning assumptions for volume across the business for 2012-2013



We planned and designed our business process to minimise the formality of the complaint resolution process wherever possible, as this approach can, in the right circumstances, deliver effective and quick complaint resolution. Our experience of our first period of operation is that both formal and informal resolutions occur for a wide range of factors, depending on what is appropriate for both the parties to the complaint and also the facts involved.

We are currently seeing up to 40% of cases go to formal ombudsman decision; it is a strong indication that the broader context of our scheme has changed, as we outlined earlier in this document. Our start-up planning was based on other ombudsman schemes and predecessor bodies; we have looked again to this to inform current trends, and note that there has been in a general shift in patterns of use across ombudsmen recently.



As each case requiring an ombudsman’s decision is likely to take an additional four to six weeks to conclude, this has significantly increased the length of time that, on average, it takes to resolve a case. We will monitor this closely as we develop our KPIs as it will impact on performance. We have taken steps to streamline the ombudsman decision process and put into place additional ombudsman resources. We will also seek to identify and, where we are able to, address the reasons for this greater than expected uptake.

Not only do we not yet know the natural level and distribution of demand, we are, as yet, unsure about what level of efficiency it is possible to achieve in the handling of that demand. As an entirely new organisation, our performance during the first year has been what as expected. It is only in October 2011, nearly 12 months after we went live, that we felt able to set internal performance targets and we will not set public targets until April 2012, when this Strategy becomes real. Given the fact that we are not yet able to be definitive about our efficiency targets, setting a realistic budget within which we will manage the unknown level of demand we will face is necessarily problematic. Despite the unanticipated demand placed on ombudsmen, performance to date has been encouraging. The average time taken to resolve a case is decreasing and the ratio between cases opened and closed continues to improve. Consequently, the cost per case has fallen and the trajectory indicates it will continue to fall.

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Assumptions - continued

However, while we cannot be sure of our natural efficiency level, we are fully aware that there will be continued pressure on us during the next three years to demonstrate that we are working more efficiently. As a public sector organisation that operates at zero cost to the taxpayer, we will not be as directly exposed to the drive to cut public expenditure as our peers. Nevertheless, we recognise that we have a responsibility to demonstrate that we are not placing a disproportionate financial burden on a profession which itself will be grappling with difficult economic issues.

We have already demonstrated our commitment to value for money by ensuring that both our set-up and steady-state budgets were substantially underspent. Our plans have always remained within the estimates created in 2005, before the Legal Services Act was passed. Not only have we managed within those budgets, we have done so despite inflationary pressures. We have sought only to increase staffing to our agreed capacity once there was a proven case that it was necessary. This has produced consistent underspends. While it is doubtful that we can continue to reduce overall spend during the period covered by this Strategy, we recognise that we will continue to need to work within very tight funding and manage budgets tightly.

These then are the difficulties. However, we have had to make some working assumptions behind this Strategy. We have therefore assumed that the level of demand we experience will build slowly over the lifetime of the Strategy. The tightening economic and funding pressures which are affecting the national economy has put a brake on the level of legal transactions. But that downward pressure will be balanced by a growth in the percentage of transactions producing complaints, as consumers press for greater value for money and providers seek to find ways of cutting their costs. In addition, the government's decision to postpone until April 2013 their cuts to legal aid will defer the anticipated reduction in complaint from that sector.

If changes to the shape of the legal services market prove profound, or if there are any significant changes to our jurisdiction, then we may be required to deal with a significantly increased level of demand.

Given the likely funding limitations, this will be a challenge to us. Nevertheless, we believe that the relatively slow growth we have assumed will, to a significant degree, be managed by improvements in our efficiency. Those efficiency gains, we believe, are likely to come largely within the first 18 months of the period of this Strategy. Thereafter, not only will the pace of organisational improvement slow, we will also be faced with the need to begin refreshing our infrastructure which, by that stage, will be more than three years old. By that stage, therefore, the budgetary pressures within the organisation may prove more difficult to manage. Holding to very stringent levels of funding might prove an attractive option for the profession who, after all, fund the organisation. But it is worth remembering that the price of any under-resourcing of the organisation will be paid in the inevitability of the sorts of backlogs and underperformance which have affected other schemes and which brought into question predecessor organisations run by the profession.

Approach to risk management



Our strategy and plan have been developed in the context of our overall approach to risk management, which we have spent time developing to make sure we have in place a rigorous framework for managing risk. In line with good practice, we regularly take time to identify and review risks, and then allocate and rank them to plan our mitigations.

The major risks identified for the coming period are:

- anticipating and responding to broader market and environmental changes;
- the matching of financial and organisational capacity with fluctuations in demand;
- IT infrastructure may not meet developing organisational needs;
- failure to manage the budget, which leads to over-expenditure or management not in line with public rules, guidelines and expenditure policy;
- poor reputation if we do not live up to our values or objectives;
- data and information management is not robust, leading to data security breaches or lack of ability to mine data to feed back from complaints; and
- business continuity and disaster recovery.



Measuring our performance

If we are going to demonstrate our value and deliver to the requirement set out in the Legal Services Act – that we should exemplify best practice in ombudsman schemes – we will need to set and keep to challenging but realistic performance targets. These will also need to be aligned to the critical objectives of the organisation.

As has been said, over the second half of the financial year 2011-12, we will be tracking against four internal performance objectives. We have agreed with the LSB that the five areas we need to be measured on relate to our timeliness, quality, cost, reputation and impact.

We believe that focusing on these areas should mean that we provide a high quality service to both complainants and lawyers, and will help us achieve the ambitions of the Legal Services Act. Our stakeholders told us that they value the importance of these measures but also recognised the difficulty we face in establishing the targets after a relatively short period in operation. Nevertheless, we have sought to include more detail in this section, as we will begin to formally report against these key performance indicators (KPIs) from April 2012.

The following represent the KPIs and linked strategic objectives for the lifetime of this strategy:

Timeliness

Strategic objective: Resolve complaints quickly and with minimum formality

We want to resolve cases as quickly and fairly as possible. We measure the time taken to resolve cases from the point at which consumers contact us with a complaint which we can look into to the point at which we resolve the case. This measure is more challenging than starting the clock running from the time we accept a complaint. We think it is a fairer reflection of the experience of our customers.

The time it takes to resolve a complaint is also determined to a large extent by the parties to the dispute themselves. If a case can be resolved informally, it tends to take less time than if a lengthier investigation or an ombudsman's decision is needed.

In order to ensure we are working in the most timely manner, we want our employees to be motivated, well trained and well supported. They need to be able to deliver an effective, simple

process, working together to resolve complaints as quickly and informally as possible. Our KPI will include three target dates for the resolution of complaints: 90, 180 and 365 days. After tracking our performance since we opened, our timeliness KPI will include targets of:

Resolve 50% of cases within 90 days
Resolve 80% of cases within 180 days
Resolve 100% of cases within 365 days

Our performance in relation to this KPI has proven consistent, and we have taken into account the higher than anticipated levels of ombudsman decisions in determining these targets. We will begin to report formally against these targets for cases accepted from April 2012.

Our intention is to continue to push our performance in this area over the lifetime of this strategy as we streamline our casework processes and continue to develop the potential of our employees through training and circulating best practice.

Quality

Strategic objective: Offer a professional, high quality service that responds to the needs of individual customers, leading to fair and proportionate outcomes

We are committed to improving the quality and consistency of our work. We track against a mix of quality indicators that focus on the accuracy of our work and the quality of customer service provided, including responsiveness and communication. We have put in place a quality assurance framework that specifies and reinforces the quality standards we have set ourselves. It helps us monitor and evaluate our performance, identifying issues where we can improve what we do and how we do it.

Our small quality team is working with assessors, investigators and ombudsmen to ensure quality of communication, adherence to process and thoroughness in our investigations. We are also committed to providing training to support our employees so they have the skills they need to provide excellent customer service. We will also continue to develop our knowledge systems to capture and disseminate the expertise and learning from our collective experience.

continued over.



Measuring our performance - continued

Our independent quality team has developed numerical performance indicators for quality and begun measuring our performance, which we will begin to report formally from April 2012, the start of this Strategy and Business Plan period. The KPI takes an average of scores for responsive, accuracy and communication to produce a percentage quality score. Our aim is to score in excess of 80% in all areas. We are currently developing a similar analysis, with the same 80% target, for ombudsman's decision so that we will be measuring quality over all stages of our business process.

Cost

Strategic objective: Provide a value for money service that uses best practice from other ombudsman schemes

We track the unit cost of our work by reporting the annual cost of the organisation averaged out over the number of cases resolved. To ensure we are delivering a value for money service, we will use robust internal processes backed up by effective, progressive technology. We will also commit to continually challenging ourselves to work more shrewdly and to continuously drive improvement.

This KPI will include two aspects: keeping within our agreed annual budget and the unit cost per case.

Over the lifetime of this Strategy, we will need constantly to review how we can keep our budgets within the limits agreed, finding ways of adjusting our spend in-year to match variations in demand.

We have tracked a unit cost measure over the final six months of the 2011-12 financial year in order to establish a unit cost target for the first year of the Strategy. This is closely linked to the budget set out later in this document and dependant on the activity forecast we have made. Our proposed target for unit cost is £1,999.

Reputation

Strategic objective: Build credibility and openly share best practice with stakeholders

We have developed a research plan to support this KPI. We have commissioned external, independent measurement of satisfaction levels among our customers (consumers and lawyers) and will also survey the satisfaction of stakeholders and awareness on an annual

basis. Customer satisfaction surveys will occur on a quarterly basis, giving us a rolling picture of our performance and the opportunity to look into any specific issues that might arise. This will help us react quickly if there is any change we need to make as a result of the findings.

The first customer satisfaction survey results became available in December 2011, which allowed us to refine the survey and set a performance benchmark. The second set is due in March 2012. We also commissioned a stakeholder survey and awareness survey and now have the results of these to inform this KPI. We are benchmarking these results with comparable schemes. This is more straightforward for awareness than stakeholder impact. Once this is done, we will determine what good looks like for these two measures and then set a target, along with one for customer satisfaction.

We will publish results of our first surveys from April 2012.

Impact

Strategic objective: Seek to promote the regulatory objectives of the Act in such a way as is compatible with our primary role

We are conscious that, while the strategic objectives support our primary role of running an exemplary ombudsman scheme, we are also charged with the broader responsibility of contributing towards the achievement of the eight regulatory objectives of the Act. We may therefore undertake areas of work which go beyond (but are not incompatible with) our primary role. Thus, for example, work we may undertake with other ombudsman schemes and regulators in other sectors to create a more efficient and seamless system of consumers accessing redress would go towards helping to meet the regulatory objectives of protecting and promoting the interests of consumers and improving access to justice. We will report on our work in this area regularly in our Annual Report.

We will develop an external KPI measure for this area of our work during 2012-13 so we can publish performance from April 2013. This area links closely to reputation in terms of looking at the effectiveness of our efforts to feedback knowledge and learning to the profession and consumers. It is also recognition that the Ombudsman puts effort into a range of initiatives (including feedback to consumers and the profession and informing wider policy debates from intelligence from complaints we see) to contribute to the regulatory objectives in the Act.



Approach

Each of the five areas described above will be tackled across the organisation. Each team within the Legal Ombudsman will work out how they contribute to the five strategic objectives and will develop appropriate measures. We will work to ensure that there is a 'golden thread' running through everything we do – not just our casework – so that, as an organisation, we remain focused on our statutory function and the outcomes we want to achieve.

There will be many things we will want to measure, but we will make an effort to keep them to a minimum manageable number so that we have effective, meaningful and achievable targets in place.

Our aspiration is to deliver an excellent ombudsman scheme that meets the dual aims of a modern ombudsman: to resolve complaints fairly and effectively and to share evidence drawn from those experiences to inform policy and standards. We have worked extensively with colleagues at the LSB to develop a suite of measures that will help us deliver these aims. We do not wish to meet targets for their own sake, but for these KPIs to help us focus on what we need to do to be successful. There is still work to be done on our journey towards setting clear and simple targets for the Legal Ombudsman, and we will continue to discuss these with our Board, the LSB and other stakeholders, with a view to begin reporting our performance against these, along with publishing statistical information, from April 2012.



What we are planning to do

Our first year of operation was characterised by a good deal of learning: we knew we wouldn't get everything right from the start. We conducted our own reviews and sought feedback from our stakeholders, such as Approved Regulators and the Stakeholder Advisory Panel, who provided us with valuable insights and suggestions. More than anything else, we want to demonstrate that we are open to improving our standards and learning from the feedback we received, just as we hope the profession will be when we are able to share evidence from complaints systematically and regularly.

The work we do to improve will be guided by the feedback we continue to request and receive from our stakeholders. While the next year necessitates a focus on efficiency and simplicity to drive up our levels of performance, this is in the context of a longer term need to develop what we do in harmony with other ombudsman schemes and to respond to a changing context. Our Act calls on us to look to good practice in other schemes. In light of the changing marketplace and regulatory environment this can only be prudent. As we look to secure our jurisdictional boundaries, so we continue to deliver, over the next three years and beyond, the core objectives behind the Legal Ombudsman – the simple principle of access to independent redress for consumers in an increasingly complex professional services market.

The key areas of focus for us over the next three years seem to fall into some natural themes. We take them in turn here, setting out the specific deliverables we wish to consult on for our 2012-13 Business Plan, along with those longer term activities and outputs that form part of our 2012-2015 Strategy.

continued over.



What we are planning to do - continued

1. Operational refinement

We will continue to improve our efficiency over the coming years. Our first priority is to improve timeliness and to develop the mechanisms that ensure we are able to perform consistently, irrespective of fluctuations in demand or alterations in the sorts of complaints we see. This, however, does not sit in isolation. Our challenge is not to be 'quick at all costs', but to balance this by delivering consistency in terms of quality and by continuing to refine our approach from feedback once we have implemented tools to gauge our reputation amongst users and stakeholders. As indicated previously, we have not yet worked out what is a 'normal' level of demand. This is an ongoing project as we monitor changes in the marketplace as well as seeing the impact of the developing economic climate on the behaviour of consumers and professionals alike. Our longer term vision is to have in place a suite of mechanisms that allow us to respond effectively to changes in demand, irrespective of peaks and troughs.

Along with resolving individual complaints, the Legal Ombudsman scheme has the secondary purpose of contributing to debates where we have evidence about the wider implications of trends in complaints. We are charged as well with helping to improve legal services by feeding back to the profession the common causes of customer service failures and suggesting areas for improvement in legal practice. We will ensure that our approach to this is underpinned by a comprehensive research strategy to make sure that what we say is based on evidence and tailored to specific and meaningful issues. Some of these will be driven by external factors and others by successfully examining our data about complaints and spotting trends.

	Activities and deliverables
Year 1 2012-2013	<ul style="list-style-type: none"> • Undertake a rolling cycle of internal review to improve performance • Develop and further integrate IT systems to support delivery (for example, case management and telephony) • Further refine the business process • Formalise external feedback mechanisms and link to internal improvement • Roll out targets for finalised KPIs and drive performance management • Refine quality framework and embed a 'right first time' culture • Deliver a research programme to support reputation KPI (including customer satisfaction, stakeholder and awareness surveys/reports) • Analyse demand projections across the business process • Implement changes based on learning from judicial reviews • Conduct a community audit and develop plans for further engagement • Further develop skills systems
Years 2 and 3 2013-2015	<ul style="list-style-type: none"> • Conduct analysis on inputs and outcomes to ensure a fair and proportionate system of redress is in place • Develop a high performance culture and promote effective management • Work closely with other ombudsman schemes to articulate what good looks like • Increase feedback to stakeholders on performance reporting • Respond to findings from reputation measurement • Become experts in the skills required to reach informal resolution • Conduct ongoing and periodic reviews of our business process to ensure we are continually challenging and improving the way we work • Enhance quality measures, continue to embed processes and build a 'right first time' culture



What we are planning to do - continued

2. Deliver outstanding elements of set-up

While the Legal Ombudsman has been operational for a year or more at the time of this consultation, there remains the need to complete our set-up in relation to some specific, longer term elements. Our IT infrastructure needs developing. Our aspiration is for integrated IT that supports effective, modern complaints resolution, including dynamic tools around which we can grow as a learning organisation. This was always going to take time, and the advantages of now having some operational experience means we are able to refine as we put in place the final aspects of this technological platform. This is coupled with a need to finalise other internal processes, for instance in relation to knowledge management. We must be able to capture our growing expertise and ensure this is augmented from external sources so we are confident we stay current and expert in the areas that are needed to support effective resolution of the full gamut of legal complaints.

The Legal Ombudsman also recognises the importance of its role as employer, service provider and purchaser of goods and services in promoting equality, diversity and fairness, and to dealing effectively with all forms of discrimination.

We have made progress creating a diverse workforce, embedding equality and diversity in our culture and providing fair and accessible services to our customers and stakeholders. In order to achieve our equality and diversity objectives we rely on robust equality data collection and monitoring for our customers and employees. These data inform our strategies, initiatives and decision making. We made significant progress in 2011, establishing appropriate systems and processes resulting in relatively high data collection rates. Together with our customer satisfaction surveys and targeted community engagement activity, this will enable us to consider the needs of diverse groups of customers and improve our service.

Equality analysis and engagement will also help us develop an evidence base to inform our priorities and objectives: as a result they will be more focused on achieving specific outcomes. In future years we will set out clear targets, informed by this initial period of evidence collection, and these targets will be incorporated into mainstream performance reporting. We will ensure that our equality objectives reflect the most significant priorities for our organisation as a whole. As a start to this, we have included key activities and deliverables in this workplan that set out our plans for the coming year.

We believe that this approach provides a framework for making a positive difference to the experiences of our customers, employees and stakeholders, and ensures that we fulfil our duties under the Equality Act 2010.

Since opening, we have often been asked as well to report on trends from complaints. For much of the time since we started, it has been too soon to report on any trends, apart from the balder facts of complaints, notably that good communication by service providers is key to preventing or resolving issues as they arise. The complaints we investigate, however, remain the source of great intelligence and evidence, and it is part of the role of an ombudsman to share the learning from complaints with the profession to help improve standards. And in this changing legal and consumer landscape, we also want to share evidence with others, such as regulators, to inform their approaches and help regulation innovate to keep pace with market changes. To do this, we will enhance our research function so we can reliably mine our data and present this in useful and accessible ways to our stakeholders.

We will also focus on making sure useful feedback and learning takes place around the causes of legal complaints, using special events both to disseminate and gather knowledge about how this can best be shared. This will include suggesting improvements in customer care and reinforcing our purpose. Engaging with our stakeholders in this way will help us define what a successful, modern ombudsman scheme looks like. There may also be opportunities for us to work with some of our key stakeholders who are also keen to improve complaints handling. Where these opportunities arise, we will be happy to explore them.

	Activities and deliverables
Business Plan 2012-2013 Year 1	<ul style="list-style-type: none"> Refine methods of customer contact and information through a review of the website Enhance accessibility of services in line with equality priorities Embed equality and diversity as part of our culture Enhance the policy and research function and deliver the research programme to mine data to share trends and learning from complaints Publish thematic reports to help the profession raise standards Embed knowledge management processes and ensure knowledge supports operational requirements Provide feedback to the profession, tailored to share the expertise of the Ombudsman, in different formats, such as seminars
Business Plan 2013-2015 Years 2 and 3	<ul style="list-style-type: none"> Support an integrated, up-to-date and responsive knowledge management system that supports a culture of learning Develop a programme of feedback to the profession, tailored to changing needs over time Ensure IT capacity supports remote and flexible working



What we are planning to do - continued

3. Refresh and revise infrastructure

In addition to finishing our set-up, we must begin to plan for the future, to make sure our infrastructure is fit for purpose over time. Our IT contracts will come to an end during the lifetime of this Strategy, and we are required to plan now to ensure due diligence in the procurement of systems and avoid gaps in delivery of our front line service.

In relation to the core of the Ombudsman, our Scheme Rules were written in the very early days of the set-up of the Ombudsman. At the time, we committed to a review of this framework within two years of our launch. We will use our first period of operation to inform a fresh consultation on the rules. We will look at issues that have been raised from our own experience of using them day-to-day or by stakeholders who have told us that they feel the initial design did not adequately take into account specific circumstances or the impact on people in certain situations. This review will include a close look at the case fee arrangements, an area where evidence from our first period will prove invaluable in looking again at how this complex part of our funding arrangements should operate, both in the interests of the stability of the scheme as well as for the profession as a whole.

As with the Scheme Rules, we will also want to review a number of other elements of the scheme in the light of our experience of this first period of operation. Having taken as our starting point a set of assumptions, some of which are very different from those we made before our launch, it is timely to re-examine aspects of our organisational structure and how we run the scheme to make sure what we have in place will serve us into the longer term.

	Activities and deliverables
Year 1 2012-2013	<ul style="list-style-type: none"> Review scheme rules, including case fees Undertake a review of third party solution providers, including IT Disaster recovery – review existing measures
Years 2 and 3 2013-2015	<ul style="list-style-type: none"> Enhance IT to ensure an increasingly robust platform and infrastructure to support the business process and ensure accessibility through online technology Undertake rigorous policy and research work to ensure the organisation remains 'cutting edge' with regard to best practice

4. People

One of the major challenges we faced as an organisation was to recruit and train the 300 people we need to deliver the services of the Legal Ombudsman. Much of our early success was due to our recruitment and induction programmes, which helped us recruit high calibre people so we could deploy a fully trained and motivated new team. With this strong basis now in place, it is the performance of these people that will ensure we deliver positive outcomes for our stakeholders.

We want to provide a positive employment environment as we continue on our journey to becoming an 'employer of choice'. Part of this will be to continue to respond to our changing external environment so we are still able to attract, develop and retain the very best workforce and one that is truly representative of our local community.

We recognise that the skills people bring with them and acquire at induction will not necessarily be the ones we require in the future. We intend to deliver a comprehensive programme of training and development to improve individual and team skills, knowledge and competency overall and to increase the performance of the organisation. We want to support people from the moment they join us to when they leave and will put in place better tracking of our processes so we continue to refine and develop our approach.

	Activities and deliverables
Year 1 2012-2013	<ul style="list-style-type: none"> Roll out increased part-time, remote and flexible working Review/benchmark roles and salaries Review approach to reward and recognition Support leadership and management development Enhance our framework for employee engagement Drive learning and development and coordination with knowledge Review approach to attracting and recruiting staff in light of changing organisational needs and equality priorities
Years 2 and 3 2013-2015	<ul style="list-style-type: none"> Review organisational structure Refine HR strategy



What we are planning to do - continued

5. Finance

We are still unsure of the patterns we are seeing in relation to complaints. It is only as we develop a bank of historical data about what happens and when, seasonally as well as over the longer term, that we will be able to test the existing model when it comes to our finances. It remains to be seen as to what might be the extent of issues such as unpaid case fees or how the existing arrangements will respond to in-year fluctuations of demand, especially if we see a scenario that places stringent demands on our ability to match serious fluctuations in complaint volumes.

We are committed to value for money in running the Ombudsman scheme, and to being open and transparent in our approach to managing the scheme. This requires access to capital to assist us plan. It will also see us remaining mindful – and responsive – to ensure that our unit costs reflect the contribution the Ombudsman makes to the sector and profession. This will assist our ability to plan for the future as well. If we face the possibility of new jurisdictions, we must account for these to make sure there is no additional cost to our existing jurisdictions and that, wherever possible, we benefit from any economies of scale presented by any change to the shape of the scheme.

	Activities and deliverables
Year 1 2012-2013	<ul style="list-style-type: none"> • Consult on the operation of the case fee • Respond to MoJ review • Regularly benchmark and measure the service we provide • Model funding mechanisms for voluntary jurisdiction • Review procurement policy to ensure that procurement opportunities are open to a broad and diverse supplier base
Years 2 and 3 2013-2015	<ul style="list-style-type: none"> • Improve unit costs and ensure cost efficient procurement services are in place • Benchmark results against other services and against year-on-year statistics • Review funding mechanisms to ensure fitness-for-purpose

6. Raising awareness and sharing evidence from complaints

We will continue to work closely with the LSB, both in accordance with our formal relationship under the Act and also to ensure that regulation and redress continue to work in tandem. The LSB is faced with its own unique challenges, grappling with the role of regulation within a fast-paced and dynamic market. The relationship between the LSB and the independent Legal Ombudsman will need to be defined and re-defined through this period of change. Similarly, our relationship with our sponsor department will change over time as we approach our steady state.

Along with our formal governance relationships, the Legal Ombudsman has a broad range of external stakeholders, encompassing regulators, other ombudsmen and complaint handling bodies, professional associations, lawyers themselves, and consumer groups and charities. For a full picture of our stakeholder map please see Appendix 2.

All of these are key relationships for us to manage, especially given the complexity and level of change in our external environment. We want to make sure the changing legal services market is aware of the Legal Ombudsman and of the implications of our work. This is not only so we remain relevant and fit for purpose. It is also to ensure that consumers are aware of how to access redress and have confidence in our abilities, whether it is in resolving a complaint, enforcing a decision or in speaking with authority on important issues that impact on how well the justice system or redress works. To help us achieve this, we will seek consumer feedback about our service and also how we communicate.

We depend upon the Approved Regulators for information about individuals and firms within their ambit, for example. In turn, the regulators depend on us to provide them with information about allegations of misconduct among the people they regulate. We have negotiated memoranda of understanding (MoUs) with many of the key stakeholders and continue to work closely with these key partners. We are committed to making sure these vital flows of information, including about conduct referrals, work as smoothly as possible. We remain keen to receive feedback here and find out how well the system is working.

continued over.



What we are planning to do - continued

6. Raising awareness and sharing evidence from complaints - continued

We will also continue to widen and deepen our relationships with consumer bodies and the advice sector. We depend on them to inform potential complainants of our existence and they in turn depend on us, as do other stakeholders, for feedback about our findings. Since our launch we have made considerable efforts to ensure that people knew that the service was in existence, what the service offered, who could use it and when. Now we have more insight into who is – and is not – using the Legal Ombudsman, we want to tailor our communications more. We want to take a more targeted approach to helping people come to us at the point where we can assist them resolve complaints that lie within our jurisdiction. As with other ombudsman services, there is a balance to be struck between making sure those who wish to use our services know we exist and not advertising our presence so vigorously that we generate complaints that would not otherwise be made.

Part of the role of ombudsman schemes is to share evidence from complaints in order to drive up standards and spread best practice. We will mine our data and develop a programme of research to share lessons from complaints that will help improve standards across the profession – for instance, we will feed back on the standard of first tier complaint handling. We will look to produce thematic reports and measure our own impact on good practice at that level. This is an area that adds value to the work of the Ombudsman, consumer groups, regulators and the profession. Our view is that any costs are worth bearing in light of stakeholder feedback about the importance of us collecting and sharing data from complaints.

Where we can, we will collaborate with key stakeholders so that the research is broad-based, relevant and focused on practical ways to improve public confidence in the profession. Our stakeholders welcomed and recognised the need for the research, not simply for the reasons given above, but also to allow Approved Regulators to meet their regulatory objectives, now that they are no longer directly involved in first tier complaints handling.

Our communications strategy for this year will also focus on how we can deliver simpler and more effective resolution of complaints. One element of this will be to enhance our website to make it more of a tool for our users (both consumers and lawyers) to help them understand our approach and processes. We want as well to use this technology to facilitate individual cases and promote self-service, and to provide feedback to the profession and individual consumers to help prevent complaints arising in the first instance. We will also develop our facility to work with the media, including social media, to share lessons from complaints and the evidence and trends we find. This will allow policy makers and others to draw on our expertise and raise awareness of our key findings.

	Activities and deliverables
Business Plan Year 1 2012-2013	<ul style="list-style-type: none"> • Develop a communications approach to include targeted awareness raising, including consumer testing in line with good practice and equality priorities • Promote feedback to profession to improve standards • Increase stakeholder engagement, including with the profession and consumer/advice sector • Develop the facility to raise awareness/communicate using media and social media • Seek consumer feedback • Monitor information exchange via MoUs and respond to issues if they arise • Commission research, including highlighting barriers/good practice in the first tier and share ways to prevent complaints
Strategy Years 2 and 3 2012-2015	<ul style="list-style-type: none"> • Enhance our website to allow us to share information with key stakeholders, such as regulators, more effectively • Maximise our communications strategy to support the objectives of the Ombudsman



What we are planning to do - continued

7. Jurisdictional boundaries

The Act provided us with some options to respond to the changing pressure of the market. For some aspects, such as consumer confusion about redress, these options are likely not to be required, as these are likely to be eased (though, given some of the complexities, they are unlikely to be solved) by ombudsmen working more closely together to signpost consumers to the right place or pass cases between them.

The Act anticipated some changes. There is widespread support among stakeholders for the Legal Ombudsman to begin to resolve complaints about claims management companies under section 161. The MoJ's Claims Management Regulator also serves as the industry's complaint handler at present: a transfer of the complaints handling function would effect a separation of those functions and provide consumers with access to formal redress, which the MoJ is unable to provide. We will work with the LSB, MoJ, the Claims Management Regulator and consumer and industry groups to implement this change.

We also canvassed views about the possibility of operating a voluntary jurisdiction (under section 164) to run alongside our statutory one if there are areas of the legal services market where responsible providers whose work currently lies outside our scheme want to be able to offer their customers access to redress if things go wrong. Given current concerns about the unregulated nature of, for example, will writing, this is an area we will explore and assess whether setting up a voluntary scheme is a useful addition to ensure consumers are able to access redress across all legal services. During the lifetime of this strategy, we will also continue to debate where the natural boundary of our jurisdiction lies if we are to anticipate more joined up access to redress as part of a broader approach to consumer protection.

The Legal Ombudsman will now actively consider the option of establishing a voluntary scheme, having received encouraging responses from our stakeholders to our initial consultation on a voluntary jurisdiction. Such a jurisdiction over will writers, for example, either on a permanent basis or as a stop-gap until regulation is introduced, would provide access to redress for consumers as well as benefiting the profession. We will be taking steps to investigate the viability of a voluntary jurisdiction.

Activities and deliverables

Year 1 2012-2013	<ul style="list-style-type: none"> • Prepare for Alternative Business Structures (ABS) and any other jurisdictional requirements • Research the impact of a changing external environment on our ability to provide redress • Manage the outcome of ABS • Develop approach to begin to resolve complaints about claims management complaints. Develop an approach to voluntary jurisdiction
Years 2 and 3 2012-2015	<ul style="list-style-type: none"> • Work with ombudsman schemes and relevant stakeholders to ensure joined up redress • Publish research, feed back evidence from complaints and influence the wider policy debate by mining data to inform regulators and policymakers • Engage in and respond to changes in the business market • Review jurisdictional limits in response to changes in the external market and recommend any changes

Required resources for 2012-2013



The planned human resources for 2012-2013 are outlined below. This represents the planned establishment based on current levels of activity and efficiency. As of 30 September 2011, 286 full time staff equivalents were employed by the Legal Ombudsman. We forecast that the average headcount during 2012-13 will be 258.

Department	Full time staff equivalents
Ombudsmen and General Counsel	11
Operational Management	8
Assessors and Team Leaders	36
Investigators and Team Leaders	145
Coordinators	8
Quality	5
Finance and Business Services	27
Policy and Communications	13
CEO, Compliance and Change	5



Summary budget for 2012-13

Since October 2010, when we started handling complaints, and throughout 2011-12, we have continued to develop the organisation to match the capacity of our investigation team to meet demand. This prudent approach to committing resources has allowed us to manage the cost of the organisation effectively during our start-up year and, as a result, we expect to be under budget for 2011-12.

As we plan for 2012-13, we start with a larger and more established organisation than in April 2011 and one which has an established workload of cases under investigation. Despite this and inflationary pressures, we anticipate no increase to our budget in 2012-13. As an arms-length body, insulated to a degree from the worst effects of the recession, we are mindful of our duty to budget responsibly for the future.

Income	2012-13 £000's
Levy	16,785
Case fees	212
Total	16,997
Expenditure	
Staffing	11,374
Travel and subsistence	66
Fees and support	768
IT and telecoms	1,121
Premises and facilities	1,766
Other	54
Total costs	15,149
Depreciation	1,848
Net expenditure	16,997

After a year of actual activity, we have been able to model in more detail the extent to which complaints generate case fee income. This modelling is based on the profile and frequency of complaints about individual law firms and on our Scheme Rules, which allow for two potentially chargeable complaints per law firm per financial year before a case fee is charged. As a result of this modelling, backed up by our experience to date, we have significantly reduced our budgeted income from case fees in 2012-13. We have planned a consultation and review of the case fee structure as part of the key activities for 2012-13.

Further information

This Strategy and Business Plan is aligned with our performance indicators and projected spend. Other key documents include the Annual Report and the Framework Document.

To view these documents or for further information, visit www.legalombudsman.org.uk.



Appendix 1: Regulatory objectives

Section 1(1) of the Legal Services Act 2007 refers to eight regulatory objectives:

- (a) protecting and promoting the public interest;
- (b) supporting the constitutional principle of the rule of law;
- (c) improving access to justice;
- (d) protecting and promoting the interests of consumers;
- (e) promoting competition in the provision of services within subsection (2) [defined as services such as are provided by authorised persons (including services which do not involve the carrying on of activities which are reserved legal activities)];
- (f) encouraging an independent, strong, diverse and effective legal profession;
- (g) increasing public understanding of the citizen's legal rights and duties;
- (h) promoting and maintaining adherence to the professional principles.

Appendix 2: Stakeholder map

