

Draft

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Strategy 2011-14

Business plan 2011-12

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LEGAL  
OMBUDSMAN

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2011-14 Strategy and 2011-12 Business Plan

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### Office for Legal Complaints (2010)

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.

# 2011-14 Strategy

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## Chair foreword

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The Office for Legal Complaints (OLC) was set up to establish an Ombudsman service which is independent in its decision making, effective, modern, responsive and efficient. The requirement was to remove uncertainty amongst consumers of legal services as to where, or to whom they should address their complaint by creating a single gateway for these complaints. The Act also envisioned an Ombudsman service which helped contribute towards the wider legal services reform agenda by feeding back information about areas for improvement revealed by complaints data.

I am pleased to report that 2010 has seen not only the establishment of the Legal Ombudsman but also the successful delivery of a service. The Legal Ombudsman service began receiving and resolving complaints in October 2010 and has started to accumulate the knowledge and expertise which will enable it to contribute to the wider debates about legal reform. These achievements have been the result of significant drive, commitment and determination by our staff over the past year, something which I am in no doubt will continue throughout 2011-12 and the further two years covered by this strategy.

Our role and remit as set out in the Legal Services Act 2007 is to ensure that users of legal services have access to a free, independent and impartial Ombudsman scheme to resolve complaints about the service provided by their lawyer. The Legal Ombudsman is the single body for all consumer legal complaints. We will continue to work to protect and promote the public interest, support the constitutional principle of law, improve access to justice, protect and promote the interests of consumers, and promote competition in the provision of services. The service we provide will be open to scrutiny and our treatment of lawyers and judgement of the services provided will be fair and at all times impartial.

As the Legal Services Act envisages, the next year will see a number of other significant changes to the legal services environment, including the planned moves to introduce Alternative Business Structures in autumn 2011. These changes will bring fresh challenges to the Legal Ombudsman, along with other organisations in the legal field, over the following two or more years. There will also be a wide range of other changes through the period brought about by a combination of challenging economic circumstances and an altered political environment.

This strategy is written at a time when we have scarcely begun to perform our key task of resolving complaints and when the information available to us on which to base our thinking is extremely limited. We cannot therefore be definitive about the detail of what we will be seeking to achieve during the next three years. Our strategy for 2011-14 therefore merely sets out our priorities, the challenges and choices we believe we will face during our first three years of operation, and how we intend to respond to these. At this point in our history, it is difficult to do more. Nevertheless, we are committed not just to deliver (and improve) the complaints resolution service we offer, but also to support and inform the wider programme of legal services reform.



Elizabeth France

**Chair**

## Chief Ombudsman overview

The OLC, the organisation which formally operates the Legal Ombudsman scheme, came into formal existence on 1 July 2009. The scheme itself was not fully operational until 6 October 2010. So although 2011-12 will be our second year of existence, it will be the first full year of operational activity. The fact that we have as yet amassed relatively little information about how, in practice, the scheme will operate (at the time of writing, we have accrued less than one month's performance data) makes predictions about how the organisation will develop over the next few months and years a hazardous task.

Like any start-up, we have faced challenges. However, I am delighted with the progress we have made so far. The transition from designing the business, putting in place the infrastructure and establishing our offices to developing, running and refining our business has been both exciting and challenging and will continue to test us over the period covered by this report. The programme of activity we ran throughout 2009-10 provided a first-class platform for the new scheme, leaving the organisation well prepared for the October 2010 'go live'. Since then we have worked hard to continually improve (and at times change) the way we do things in order to provide a more efficient and effective service.

The task we have is both challenging and significant. People rely upon legal services when they are dealing with some of the most important and potentially traumatic issues in their lives: family breakdown, death, when moving home, when accused of a crime. When these individuals feel let down by the provider of that service, they are often understandably angry and disillusioned. Many look to a service like ours both to put right any harm they may have suffered and to restore their faith in the legal system. While we may not satisfy all these desires and aspirations, it is our job to show that the legal profession is committed to fairness in its treatment of those who use its services. As well as ensuring individuals who may have suffered from poor service have access to redress we also have to provide a good quality of service to the legal profession.

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 provide feedback and advice. This will help to ensure that, where problems have occurred, lessons are learned to prevent them happening again so far as possible. Over the coming year we will aim to work even more closely with our stakeholders to discuss and tackle any systemic problems, share our knowledge and expertise in the principles of good complaint handling and help the legal world understand how they can improve the services they provide.

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. Our work in the coming months will continue to develop and grow and we will continue to engage and consult our stakeholders wherever possible.

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: open, independent, fair, effective and shrewd. We have also set the four strategic objectives which underpin everything we do. These objectives run through our full business process and core activity and the supporting indicators measure the relevance and impact of our activities.

Our first three years of operation will bring with it challenges and tensions which we will need to address. As an organisation we will need to remain fluid, adapting to circumstances, pre-empting and encompassing change, and above all else striving for excellence in everything that we do.



Adam Sampson  
**Chief Ombudsman**

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## The role of the Legal Ombudsman

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The OLC was the creation of the Legal Services Act 2007 and was formally established on 1 July 2009. The OLC had the role of establishing and running a new, 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 new scheme, named the Legal Ombudsman, opened for business on 6 October 2010. Sections 125–129 of the Legal Services Act define 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/misconduct matters, other than to ensure an information flow to those approved regulators who exercise such functions. Its role is both to resolve such service complaints quickly and with minimum formality, and to reflect back to the profession information about common causes of service failure.

The 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.

The opening of the new scheme also meant the end of the previous complaints handling mechanisms. Some of these, such as the Bar Standards Board, will continue, albeit with a reduced remit, looking at issues of conduct and discipline. Others, particularly the Legal Complaints Service and Legal Services Ombudsman, have ceased to deal with new work and will close, or already have done so. The fact that the opening of the new scheme passed so smoothly was significantly because of the co-operation and professionalism of these bodies.

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## Vision, mission and values

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The Legal Ombudsman decided to enshrine the expression of its role in a statement of vision, mission and values.

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

The Legal Ombudsman is part of a wider process of legal services 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 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 for the selection of the behavioural competencies required of staff.

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## Governance

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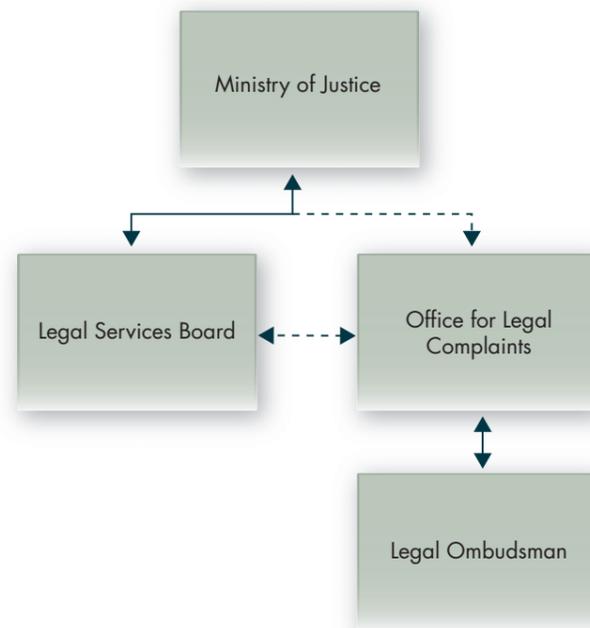
The Ministry of Justice (MoJ) has a 'Legal Services Reform team' which acts as the sponsor team for the Legal Ombudsman.

This sponsor team champions the Legal Ombudsman's interests within the MoJ and contributes to the development of the framework document for the Legal Ombudsman.

This framework is used by our Board, 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. A budget of £14.8 million was assigned for the initial start up with £19.9 million available for the financial year 2011-12.

The sponsor team will work closely with the Legal Ombudsman and OLC to advise on the appropriateness and coherence of our aims and objectives to ensure they contribute to MoJ's overall aims and objectives. The sponsor team will also 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 direct 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 Legal Services Board, which also agrees our budget and performance targets. The governance structure is as follows:



### Diagram 1 Governance Structure

The 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.

Thus, for example, we will need to conduct regular reviews of the framework document which expresses the detail of the arrangements between the OLC and the MoJ.

## Other stakeholders

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, consumer groups/charities and Government/Judiciary bodies. For a full picture of our stakeholder map please see Appendix 2. All of these are key relationships for us to manage. We depend upon the approved regulators for information about individuals and firms with their ambit, for example, and the regulators depend upon us in turn to provide them with information about allegations of misconduct among the people they regulate. We have negotiated Memoranda of Understanding with many of the key stakeholders in order to regularise our relationships. These will need to be revisited and refined as the new scheme matures.

Similarly, we will continue to widen and deepen our pool of relationships with consumer bodies. We depend on them to inform potential complainants of our existence and they depend on us, in turn, for feedback about our findings. When we launched the Legal Ombudsman in October 2010, we made considerable efforts to ensure that people knew that the service was in existence, exactly what the service offered, who could use it and when. We spent much of the latter half of 2010 ensuring a steady flow of information was available to educate potential complainants about what the scheme can do. We also worked hard to ensure that the Legal Ombudsman began to be recognised as an important and vital piece of the legal landscape. As with other Ombudsman services, there is a careful balance to strike between making sure those who wish to use our services are aware of our existence and not advertising our presence to the point that we generate complaints that would not otherwise be made. In achieving this, we must communicate carefully and clearly with our key stakeholders, including lawyers who have an obligation to signpost complainants to us if they are unable to resolve complaints themselves. This is a balance we will continue to need to strike.

Along with resolving individual complaints, the Legal Ombudsman scheme has the secondary purpose of contributing to the improvement of legal services by feeding back to the profession the common causes of customer service failures and suggesting areas for improvement in legal practice. From April 2011, our communications strategy will therefore need to shift its focus to ensure that useful feedback and learning takes place around the causes of legal complaints. This will include suggesting improvements in customer care and reinforcing our purpose.

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## Business process

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The Legal Ombudsman scheme is organised in order to resolve complaints as quickly and equitably as possible. It strives so far as possible to resolve complaints informally without the intervention of an Ombudsman. Where informal resolution is not possible, an Ombudsman decides the outcome of complaints. Where appropriate, the Ombudsman will order a remedy to be provided that, as far as possible, puts the complainant back into the position they would have been in were it not for the poor service they received.

Our business process is designed around maximising use of telephone and email, resorting to traditional written correspondence only where unavoidable. We aim to identify quickly those enquiries that are not for us and signpost elsewhere if appropriate. In the same vein, where a complainant brings a matter which may not be suitable for us – for example, because the amounts involved clearly exceed our financial compensation limit of £30,000, or because the complainant is seeking a punitive remedy which can only be considered by a regulator – we aim to assist them quickly by advising them of their options and explaining why others may be better placed to help. Our assessment centre staff face difficult challenges, both in terms of the range of matters brought to us and the diversity of our customer base. A key part of their role is in managing the expectations of those who approach us - to ensure that there are realistic expectations of what an outcome might be before we pursue matters further.

Once it is clear that a complaint may be one we can investigate, we undertake a number of jurisdiction checks. While our procedures are so far as possible informal, the legislation and our Scheme Rules necessarily set out the limits of what we can and cannot investigate.

In line with other Ombudsman schemes, complaints should be brought to us within specified time limits, although we do have discretion to extend these where appropriate. Like other Ombudsman schemes, too, we are here principally for the individual as an alternative to a more expensive route through the courts. So our complainants must be individuals or small businesses, charities, trusts and the like. The party complained about must also be within jurisdiction, meaning regulated lawyers and their staff.

If the complainant, lawyer and complaint are all within jurisdiction, the case will be accepted and allocated to an investigator in our Resolution Centre. In keeping with our emphasis on informality, we aim to resolve informally a significant majority of complaints we investigate.

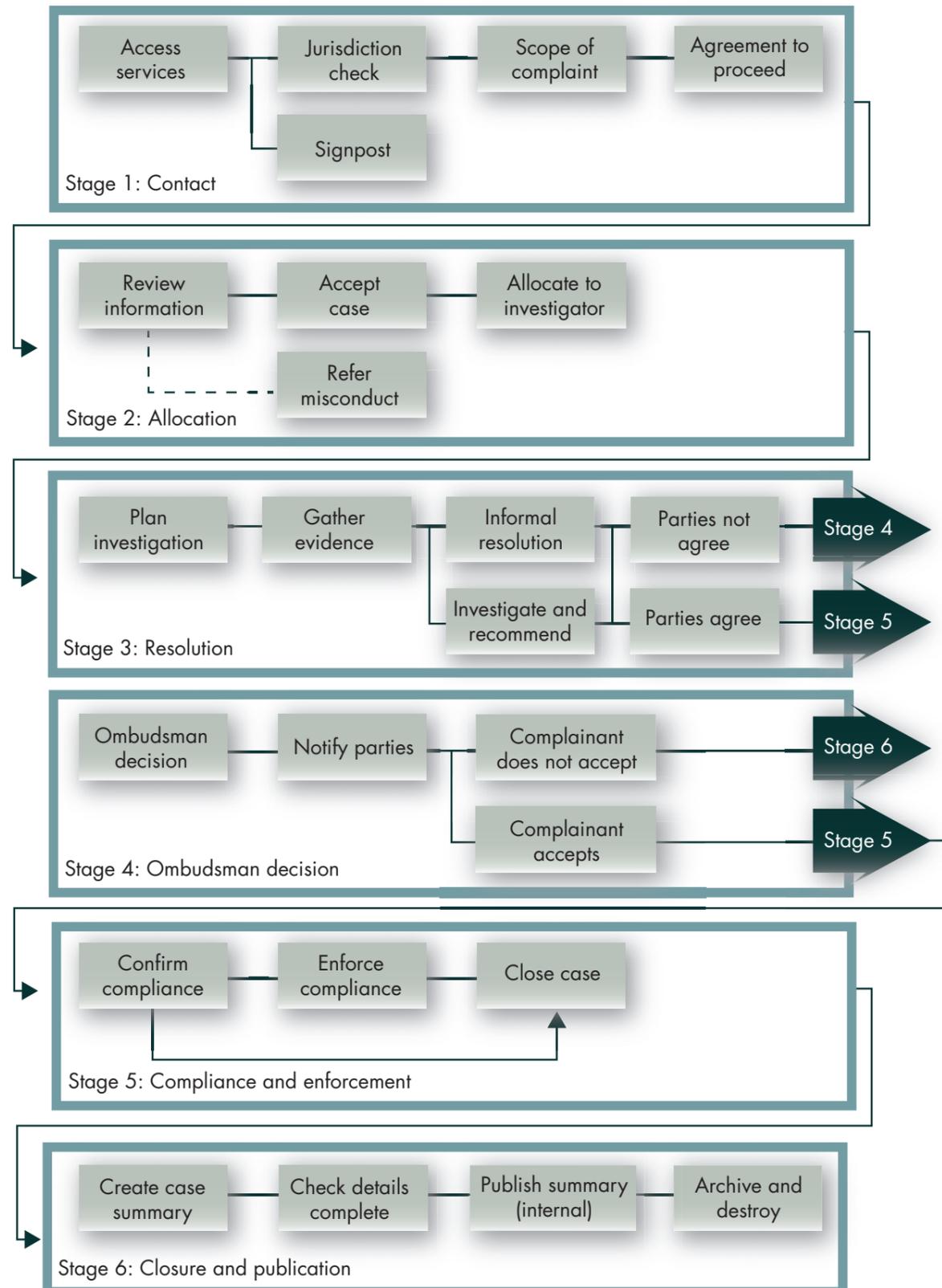
When we designed our business process, we were very conscious of the need to avoid becoming embroiled in endless exchanges between the parties. Our staff therefore seek to avoid this happening and get quickly to the point where we have enough evidence to reach a view without an inordinate number of exchanges. Like other Ombudsman schemes, our approach is inquisitorial rather than the adversarial one taken by the courts. In other words; we actively seek out the evidence we need in order to reach a conclusion rather than relying on the parties to argue the matter out.

Where it has not been possible to broker an agreement, the case is referred to an Ombudsman to consider. When a case reaches an Ombudsman's desk, they will consider the material gathered, together with the recommendation of the investigator. This recommendation will also have been sent to both parties for their views. If the recommendation is endorsed, the Ombudsman will write a letter setting out their final decision. Where the Ombudsman is likely to reach a very different decision, the parties would again be given a chance to comment before this is issued.

Once an Ombudsman has issued a final decision, it becomes binding on both parties if accepted by the complainant. If the complainant chooses not to accept the Ombudsman's decision, they are free to take the matter up elsewhere, as they see fit.

When a case is closed – whether by informal resolution or Ombudsman's decision – we will continue to monitor to make sure that any remedy is provided.

Where the remedy has been directed by an Ombudsman and has not been complied with, either we or the complainant can take enforcement action through the courts, although we expect that to be extremely rare. Any matters that we refer to the approved regulators will be those relating to issues of misconduct.



## (Opposite Page) Diagram 2. High level Business Process

The Business Process will need to be revisited and adapted over the next three years as experience deepens and circumstances change.

## Organisation

The size and shape of the organisation has been structured around the business process. The above processes will be delivered by a staff team of up to 300-350, the majority of whom will work directly in complaints resolution. Starting from a small and core team, during 2010, we recruited over two hundred people, and are likely to recruit further staff in the run up to April 2011. The core of these new recruits fill the operational roles in our Assessment and Resolution Centres and work alongside our Ombudsmen and corporate team. The total number of staff needed to manage the workload of the organisation is not yet fully understood. This total will, in any event, be critically dependent both on the volume of complaints received and the extent to which those complaints can be resolved informally rather than requiring an Ombudsman's decision. A challenge for all Ombudsman services is to maintain staffing at levels that can accommodate fluctuating and often unpredictable levels of work. Over 2011-12 we will start to see whether our modelling was accurate. We will see whether the volume of work is close to what we anticipated when we put together our workforce, and the total number of staff required will continue to change throughout the period covered by this strategy.

When the organisation was created, we placed a great deal of emphasis on the recruitment, training and management of the staff. We believed that the success of the new scheme was critically dependent upon the skills, behaviour and performance of our staff. People really are at the heart of our organisation and we need our staff to continue to aspire to fulfilling our values. We need them to help us promote a culture which fosters high performance and promotes continuous learning and development. Alignment between our internal and external communications will ensure that our messages are consistent, and that the culture we create is consistent with the kind of service that we want to continue to provide to our customers and promote to our stakeholders.

The Legal Ombudsman has always been clear that the aim is to bring about a new way of resolving complaints, and that in order to achieve this we need staff with the right skills and expertise to do the job. The recruitment process was designed to attract talented people who demonstrated strengths in our clearly defined and measurable competencies. So far, we have developed a talent pool which is both high-performing and diverse. As an employer of choice, we expect to continue to attract good quality people. We will strive to maintain a balance between a stable and happy workforce and sufficient turnover to make sure we do not become stale in our ways. The introduction of new people will help bring fresh ideas and challenges to our approach as we constantly seek new and improved ways of working.

The Legal Ombudsman's original organisational design was led by a clear cultural aspiration, and our rigorous recruitment and detailed induction programmes have provided a solid foundation for our people strategy for 2011-12. Our team arrived with a broad range of experience. Our key focus was to provide training to make sure the whole team was well prepared in time for the 6 October 'go live'. Between August and December 2010, we ran two six week training programmes. These included accreditation in both legal knowledge and Ombudsman skills as well as key procedures, operational practices and process, technology and 'soft' skills. Irrespective of their role with us, all our people have undertaken our induction training, harnessing a strong sense of collaboration, support and understanding between colleagues. The induction programme will be repeated in January 2011 for any new recruits. The contents and style of this training will be kept under review over the coming years.

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## Funding

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The Legal Ombudsman is funded by a combination of case fee and levy paid by lawyers and collected via the relevant approved regulator. How the balance between the proportion of our funding derived from the levy and that part from the case fee evolves over time will be of particular interest to the professions. We are therefore committed to keeping them informed and to consulting on these arrangements within the first two years of our operation.

Our approach to the ordering of remedies and the imposition of a case fee, which we set at £400 per case, is not intended as punitive. There are circumstances where there will be case fee exemptions. For example, a firm which receives less than three complaints within a financial year will not be expected to pay. The remedy is a mechanism for providing redress for any harm or disadvantage suffered by a complainant. So the case fee is, in effect, simply a payment for the service we provide in resolving complaints. The Legal Ombudsman does not seek to attribute blame, merely to identify where legal services provided may have been deficient and how the situation may be improved. The general conduct of our affairs in this way will need to be kept under scrutiny over the coming three years. Thus, for example, we will need to review the Scheme Rules (which set out the limits of the Ombudsman's powers) on a regular basis, refining them as experience demands.

## Challenges over the next three years

There are a number of challenges to which the Legal Ombudsman will have to respond over the period of this strategy.

- **Changes in the external legal environment:** the next three years is likely to be a period of rapid change in the legal services world. The first of these arises directly out of the very Act which set up the new organisation. The Legal Services Act foreshadowed the creation of new Alternative Business Structures, breaking down some of the traditional boundaries between legal services and other commercial and professional services. The Legal Services Board has signalled their commitment towards introducing such structures by Autumn 2011. While the speed of take-up of the new arrangements is still in doubt, they could crucially affect the landscape for the Legal Ombudsman over the period of this strategy.

These changes will have profound potential consequences for the regulation and complaints handling arrangements for legal services. Some firms will begin to offer an end-to-end house purchase service, combining all the functions currently carried out by estate agent, surveyor, mortgage broker and solicitor. In such circumstances, the mechanisms for dealing with any complaint arising from a customer's experience of poor service are not simple because they straddle the jurisdictions of four different Ombudsman schemes. It will be necessary for us to work quickly to resolve these issues in order to support the new changes and ensure that consumers wishing to complain have access to a simple, co-ordinated complaints mechanism.

- **Additional operations:** Following our operational go-live on 6 October 2010, the old system of complaints handling is winding down. To ensure there is no consumer detriment in the transition from the old arrangements to the new, and to provide a streamlined and cost effective service we will be housing the function of the Acting Legal Services Ombudsman to its final closure. We will also be providing the Acting Legal Services Ombudsman with a team of staff and assure the MoJ and Secretary of State in terms of effective operational management to support this role.

The Acting Legal Services Ombudsman and function will be responsible to the Secretary of State for Justice and will operate under the jurisdiction set out in the Courts and Legal Services Act 1990. The powers of the Acting Legal Services Ombudsman will cease at the end of December 2011.

Potential extensions of our jurisdiction may also be presented. There is a continuing debate about how to ensure that consumers of non-regulated legal services, such as will writing, have access to proper complaints mechanisms. There is a similar debate about how to offer an efficient complaints mechanism to customers of claims management agencies. It will be important over the lifetime of this strategy that the Legal Ombudsman participates appropriately in these debates and, where it seems proper to do so, considers what contribution it might make towards offering its own service to such customers.

- **Fluctuations in demand:** all Ombudsman schemes are used to dealing with sudden fluctuations in the level of demand, often for entirely unexpected reasons. The broader economic and political environment in which we are working may also make demand even more difficult to predict. The financial pressures on legal service providers may in some cases lead to the possibility of the quality of the service provided to the consumer suffering, leading to a rise in complaints. Equally, increasing limitations being imposed on the availability of legal aid and a reduction in, for example, the number of house sales may mean a contraction in the volume of legal activity overall with a consequent drop in complaints. Either way, the Legal Ombudsman will have to demonstrate that its response is timely and effective.
- **Efficiency demands:** the pressures on public spending and general economic downturn are likely to pose significant challenges for the organisation during the lifetime of this strategy. The needs of our funders and our role as a Non-Departmental Public Body will both place limitations on our ability to increase our funding base over this period. It is likely that both funders and Government will require the Legal Ombudsman to demonstrate that it is offering increasing value for money.

## Strategic objectives

The statutory foundation of the Legal Ombudsman is the Legal Services Act 2007. In order to deliver the objectives set out in the Act and underpinned by the Scheme Rules, and to respond to the challenges above, the Legal Ombudsman has developed four strategic objectives which will run for the next three years. All activity within the organisation is linked to one or more of these strategic objectives. These are:

### **Process all enquiries and complaints in a thoughtful, fair and effective way, offering a high quality, value for money service:**

This is our core activity. Our objective is therefore to ensure that a high level of service is offered to all our customers – complainants and lawyers alike – while making the most effective use of available resources.

### **Continuously improve our processes and the resulting outcomes for our customers:**

While we are very pleased with the level of performance we have already achieved, we have, like any start-up, some areas of our work which need immediate attention. Even once these are addressed, we recognise that there will always be scope to learn and improve. This objective reflects our desire to take every opportunity to improve our ways of working in order to provide an increasingly efficient and effective service, being aware of the impact that our activities have on all our customers and ensuring that customers receive the best possible service.

### **Build credibility and openly share best practice with each other, our customers and external stakeholders:**

If our vision is of legal service which inspires confidence, our first step is to create an Ombudsman service in which all parties can have confidence. This requires us not only to run a first-class Ombudsman service but also to build honest, open and professional relationships with complainants, individual lawyers and the professions more generally.

This can only be achieved if we talk to each other, if we listen to our customers and learn from their experience, and genuinely seek to share best practice.

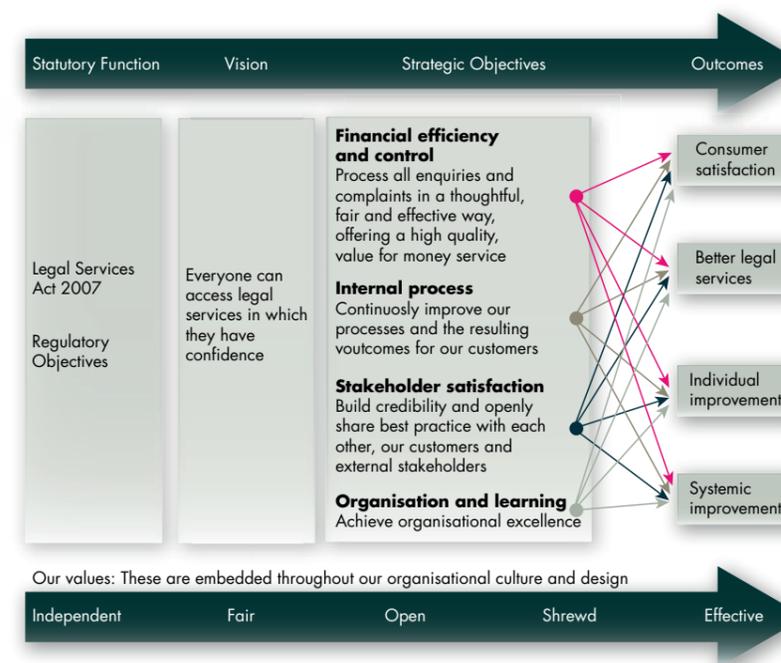
As part of that process, too, we will need to measure the satisfaction expressed by complainants and lawyers with the service we offer. This is not a simple task: all complaint handling bodies face challenges in disentangling the level of satisfaction with the service they provide from satisfaction with the outcome of the complaint. But if we are to be in a position to comment on how lawyers can improve their own customer service, we need to be open to feedback about our own.

### **Achieve organisational excellence:**

This objective centres on behaviour and encourages us to behave in an honest, open and respectful way with each other at every level within the organisation. It seeks to ensure that we create a mutually supportive culture, backed by clear, fair and widely understood corporate policies and procedures. We aim to provide comprehensive training for our staff to guarantee they have the right skills and tools to perform effectively, while using suitably targeted performance management to help everybody to realise their full potential.

In so doing, we will ensure that everyone's contribution is valued and acknowledged, regardless of function, and that we offer the same opportunities for equal and fair treatment of colleagues, customers or other stakeholders alike, irrespective of their nationality, race, gender, sexual orientation or disability.

**Diagram 3. Organisational Design** (see Appendix 3 page 36)



## Key performance indicators

In establishing its performance framework the Legal Ombudsman will fulfil its statutory obligations in relation to corporate governance set out in section 117 of the Legal Services Act, and have regard to the best practices of Ombudsman schemes and those of the department and wider government. The Legal Ombudsman will report performance to the Legal Services Board, providing information around cost, timeliness and volume of complaints. The service provision will be as cost effective and as efficient as possible.

In order to monitor performance the Legal Ombudsman has developed a set of indicators which sit behind each strategic objective. Indicators which have been developed are as follows:

**Financial efficiency and control:** performance indicators in this area will relate to our financial and operational efficiency, and hence measure such things as unit cost, and cost performance vs. budget. This sector provides a check to ensure that the resources deployed are utilised efficiently and in a controlled manner. While it will never be appropriate to compare our unit costs with other Ombudsman services, given the diverse nature of our work, we would expect this indicator to demonstrate efficiency improvements over time. We also expect that the service we offer provides demonstrably better value for money than the previous arrangements.

**Internal process:** performance indicators in this area will relate to process performance and activity and alongside financial efficiency and control will identify where the business process is succeeding or failing to deliver the targeted levels of service. A key consideration for all Ombudsman services is timeliness. Central to this performance indicator will be how long it takes us in practice to resolve complaints and careful monitoring to ensure there are no log jams in our business process which could create a backlog. Again, while the changes from the former arrangements to the new ones render direct comparisons impossible, we expect that the service we offer will be a more streamlined and efficient one than those which precede us.

**Stakeholder satisfaction:** performance indicators in this area relate to the quality of our service as perceived by our key stakeholder groups: consumers, lawyers, regulators, and other key partners.

This sector provides a check to ensure that our efficiency and process goals are not adversely impacting on the quality of the service delivered (for example where internal process service level targets are being met, but still do not meet stakeholder expectations). Underpinning this is a robust quality assurance/quality control framework reflecting a structure which ensures arrangements are in place to help us get things right, combined with a range of checks to make sure we have.

**Organisation and learning:** performance indicators in this area relate to the organisation's skills and competency levels and the accessibility and provision of training for staff. While we aspire to be an employer of choice, a healthy turnover of staff is important if we are not to become stale. This indicator also reflects therefore the level of vacancies and resulting overall capacity of the organisation to deliver the service.

In determining the performance indicators, where possible a mix of 'lead indicators', which provide indication of potential future activity, and 'lag indicators', which measure the result of past activity, will be used. Given that we have only just begun to receive complaints, we do not have sufficient data about our activities to set firm performance targets in these areas. However, it is important that such targets are set as soon as we have sufficient information to do so.

We have therefore worked with LSB and MoJ to establish provisional indicators to track performance during the course of 2011-12, laying the basis for firm targets for the year 2012-13. The indicators proposed are:

**Stakeholder satisfaction:** We will commission an external, independent organisation to measure satisfaction levels among stakeholders on an annual basis, supplemented by quarterly monitoring. This will produce a satisfaction score which will be reported to the LSB and wider public audiences.

**Unit cost:** We propose to track the unit cost of our work by reporting the annual cost of the organisation averaged according to the number of cases accepted for resolution.

**Time taken to resolve complaints:** For instance, resolved within three months, etc

**Quality:** We will report an aggregate quality indicator tracking the timeliness and accuracy of our work, and the quality of the customer service provided.

## Review jurisdiction and recommend changes

The Business Plan for 2011-12 sets out the deliverables for the coming year. We have also started to give some thought to what we would like to achieve over the 2011-14 period. The following table sets out some of the key deliverables:

The list of deliverables for 2012-14 includes the following:

Strategic objectives	Deliverable
<b>Process complaints in a shrewd, fair and effective manner offering a quality, value for money service</b>	<ul style="list-style-type: none"> <li>• Work with other Ombudsman schemes to respond to impact of alternative business structures</li> <li>• Review jurisdictional limits and recommend any changes</li> <li>• Review and update Scheme Rules</li> <li>• Further improve unit costs</li> <li>• Undertake strategic review of efficiency</li> </ul>
<b>Continuously improve our processes and the resulting outcomes for consumers and the profession</b>	<ul style="list-style-type: none"> <li>• Further refine business process</li> <li>• Improve productivity levels</li> <li>• Drive down unit costs</li> <li>• Build on, develop and refine knowledge management</li> <li>• Review and refresh IT systems</li> <li>• Review premises strategy</li> </ul>
<b>Build credibility and openly share best practice with stakeholders</b>	<ul style="list-style-type: none"> <li>• Refine satisfaction survey process</li> <li>• Begin publishing thematic policy reviews based on feedback from work</li> <li>• Undertake stakeholder review of Ombudsman scheme</li> </ul>
<b>Achieve organisational excellence</b>	<ul style="list-style-type: none"> <li>• Roll out flexible working practices</li> <li>• Undertake review of performance management and career progression systems</li> </ul>

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# 2011-12 Business Plan

# 2011-12 Business Plan

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## Our performance in 2011-12

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The first full year of live running will inevitably prove challenging. Having only been operational for a matter of weeks, we have not yet accumulated a significant stock of data about our performance to be in a position to predict with any level of certainty how we will perform against our chosen performance indicators. As has been said, predicting the levels of demand is notoriously difficult for any Ombudsman scheme. This is especially so in the first year of a new scheme, and particularly when there is considerable change in the legal services environment. Nor is the level of productivity which we can achieve easy to predict: while our business process is designed around what we have seen of best practice across the Ombudsman community, only once it becomes embedded will we be able to identify further scope for improvements and streamlining.

Even though we have begun work, some areas of our processes remain entirely untested at the time of writing. So, for example, it will be a few months into 2011-12 before we start to have a significant number of cases requiring an Ombudsman decision. So questions of enforcement of remedies – which as mentioned above we hope will be rare – will not materialise for some time. We also anticipate the likelihood, as with many other Ombudsman schemes, that some of our decisions and interpretation of the legislation and Scheme Rules may be subject to judicial review. While not necessarily seeking such challenges, any that do arise will help to give early clarity to any aspects of the regime within which we work which may be ambiguous or contentious. The extent to which such challenges impact on the organisation or require changes in our processes is as yet unknown.

Given these inherent uncertainties, it is more than usually challenging to attempt to set out a programme of activity for the coming three years. The three year strategy and this one year business plan attempt to articulate the key priorities for 2011-12, and to signal a broader direction of travel.

The major activity of our first year will be to review and reflect on our first few months of operation, and implement any changes necessary to refine and reform our processes. During the course of the next few months, we will also be carrying out an organisational operational review. The 2010 Business Plan set out a number of key deliverables which were critical for 'go live' on October 6 2010. In order to measure our success against these deliverables, a 'benefits realisation' exercise was undertaken. Some of the main priorities for 'go live' included:

- the ability to keep pace with demand
- establishing appropriate engagement with communities/stakeholders
- creating a productive and efficient environment
- establishing a stable, productive workforce with retention practices fit for purpose, and
- ensuring accessibility.

The deliverables post-October 2010 were more ambitious, with a shift away from 'creating' the organisation towards 'establishing and developing' the organisation. We anticipate that there will be early lessons, with the possibility that we might have to react quickly to make changes if unforeseen eventualities materialised or our business process unearthed unexpected issues. Against that backdrop, we will undertake an operational review of the organisation in the early months of 2011, the outputs of which will inform the programme of activity/improvements for 2011-12. That process will enable us to test out the speed at which we can seek to improve the key areas for performance to which we have committed: our unit costs, the speed of our complaints resolution, the quality of our work, and the level of stakeholder satisfaction we are able to achieve. That, in turn, will drive our targets in these areas for the subsequent two years.

As has been said, we may need to start the process of revisiting the boundaries of our jurisdiction during the course of the next year. Our work currently centres on our existing statutory jurisdiction. In addition, the Legal Services Act 2007 provides for the possibility of a voluntary jurisdiction.

Were we to be approached by others within a broadly legal context who currently fall outside our jurisdiction asking us to consider if we will act as Ombudsman for them, we would have seriously to consider the issues involved.

Finally, the possibility of a completely new legal landscape, with the introduction of Alternative Business Structures for the provision of legal services, opens up a whole range of new challenges, not just for the legal profession but for the Legal Ombudsman as well.

Given the inherent unpredictability of the circumstances around the scheme, we need to be able to respond to changes promptly and effectively. We also want to continue to drive improvements to our internal processes and make use of the valuable information we gather on the complaints we receive.

Our policy and research function will be critical in achieving this. Our approach will be evidence based, using data and research to benchmark our performance and identify important trends. We will particularly focus on identifying the impact of upcoming changes in the external environment. We will be closely monitoring the accessibility of our service and our decision making, so that we are able to identify issues and make any necessary changes. Finally, we will be engaging with our external stakeholders and presenting focused feedback to the professions that will help to support best practice in legal services.

We will continue to develop and refine our policies. During the course of the previous year, we began a consultation process to decide one of the most important and difficult issues of the process of establishing the new service: our publications scheme: do we publish only Ombudsmen's decisions or others as well? When, if ever, should we name a party involved? The consultation process will continue during the course of the next year, as part of the process of refinement and improvement of our service.

2011-12 will also present us with the first opportunities to embark on that other hugely important part of our work. This is to start to feed back to the professions our early experiences of what we have seen to help lawyers learn from the complaints we have dealt with, improve the service they provide and the way they handle complaints, and so avoid, wherever possible, complainants ever needing to use our service.

This will mean that lawyers can avoid repeating the errors of the past. We also want to gather information about the way in which lawyers handle complaints when they do arise, so that they can resolve complaints themselves as early as possible and avoid escalation to the Legal Ombudsman. Over time, our feedback may take a number of forms: case studies in annual reports, other publications and use of our website, but more immediately the publication of some or all of our decisions.

Our engagement with external stakeholders will need to be careful and considered. We will keep under review the needs of a wide range of stakeholder groups; our impact on some of these groups will be greater than others so we will ensure that we are clear about who they are and what their interests are likely to be. As our organisation evolves we commit to continuing to reflect our learning back to our stakeholders and other interested parties.

## Deliverables for 2011-12

As well as undertaking the operational review, which will naturally prompt a list of deliverables, we have identified a significant number of key deliverables for 2011-12. This includes (but is not restricted to) the following:

Strategic objectives	Deliverable
<b>Process complaints in a shrewd, fair and effective manner offering a quality, value for money service</b>	<ul style="list-style-type: none"> <li>Respond appropriately to judicial review challenges</li> <li>Undertake and close OLSO function</li> <li>Prepare for alternative business structures</li> <li>Review our case fee structure</li> <li>Drive best practice</li> <li>Operate within resources</li> </ul>
<b>Continuously improve our processes and the resulting outcomes for consumers and the profession</b>	<ul style="list-style-type: none"> <li>Improve productivity levels</li> <li>Undertake medium term organisational operational review</li> <li>Develop our IT</li> <li>Build on, develop and refine knowledge management</li> </ul>
<b>Build credibility and openly share best practice with stakeholders</b>	<ul style="list-style-type: none"> <li>Enhance our credibility with consumers</li> <li>Gain external recognition for customer services</li> <li>Enhance policy and communication capability</li> <li>Communicate knowledge effectively to the profession</li> <li>Enhance our credibility with the profession</li> <li>Revisit MoUs</li> </ul>
<b>Achieve organisational excellence</b>	<ul style="list-style-type: none"> <li>Establish flexible working practices</li> <li>Stabilise staff team</li> <li>Embed effective performance management and career progression systems</li> </ul>

We will monitor our performance against our deliverables through a set of Key Performance Indicators which will be published in 2011. These will include external measures, Board measures and measures which will be used by executive and senior managers throughout the organisation.

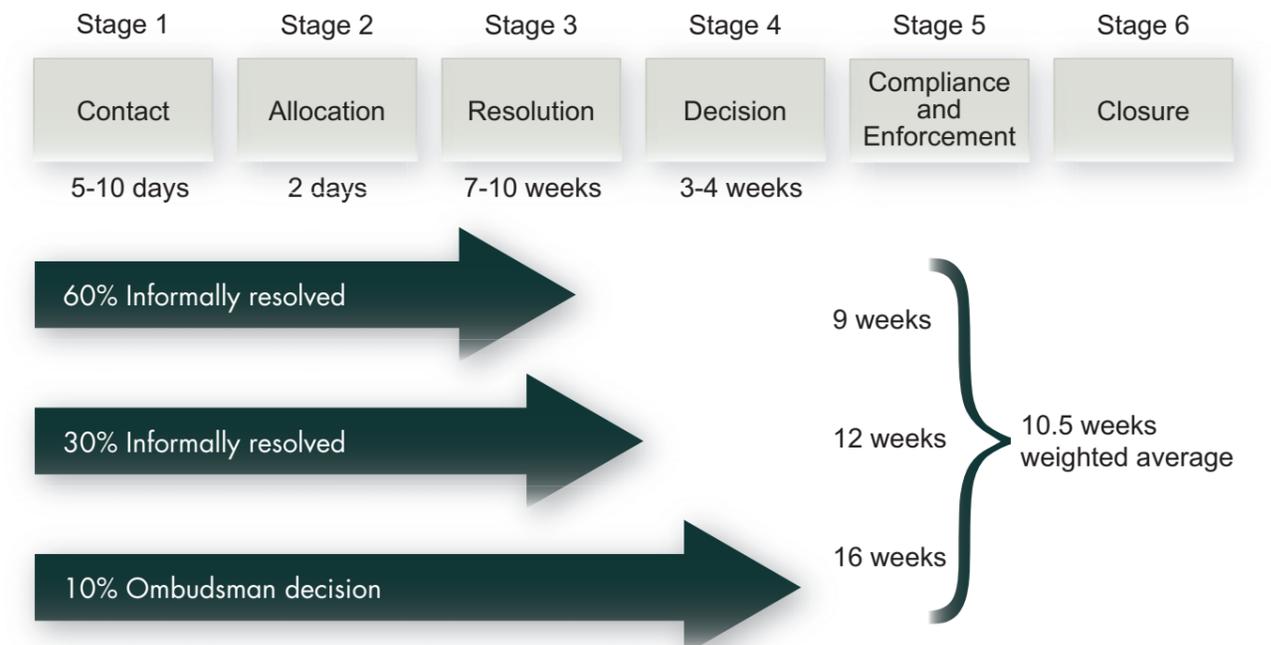
The external measures for our first year of operation will include the following:

- Unit cost
- Budget operating cost per annum
- Actual vs. Budget cost
- Percentage of cases closed <3 months after enquiry
- A combined quality measure and
- Consumer and lawyer awareness and satisfaction

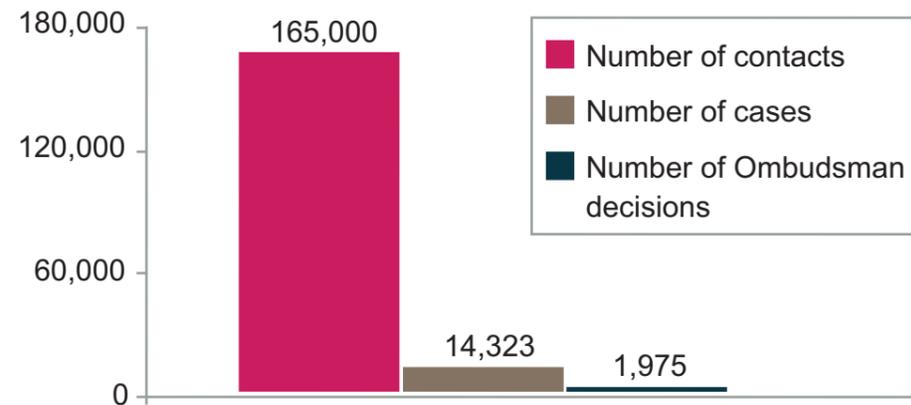
## Operating assumptions for 2011-12

While the level of demand and performance for the organisation remain largely untested, we have modelled through some initial assumptions about the level of demand and performance we may expect the organisation to experience. The following tables show the level of demand on which our systems are based and the points in our process along which we expect that volume of complaints to be resolved:

### This translates into 14,000 - 15,000 cases



## We expect 165,000 contacts and 14,000 cases p.a



## Required resources 2011-12

The planned Human Resources for 2011-12 are provided below. This is a target level full establishment based on current assumptions as to the likely levels of both activity and efficiency.

Department	Full time staff equivalents
Assessment centre	43
Resolution centre	215
OLSO	15
Operational management	9
Ombudsman	7
Business services	23
Support services	24
<b>Total</b>	<b>336</b>

## Detailed budget for 2011-12

Budgetary detail is provided for the 2011-12 year based on current assumptions of activity, efficiency and expected staffing levels. Whilst the 2011-12 budget is assumed to be reasonable the information available is currently limited due to lack of operating experience.

The levy has been set on the assumption that case fees will account for 10% of the total cost based on current information however the levy will alter to reflect actual levels of case fee income.

Other income reflects the full additional cost of delivering the OLSO function on behalf of the MoJ.

## Summary budget for 2011-12

Item	2011-12 £000's
<b>Income</b>	
Levy	17783
Case fees	1976
Other	130
<b>Total</b>	<b>19889</b>
<b>Expenditure</b>	
Staffing	13803
Travel and subsistence	45
Fees and support	763
Research and communication	395
IT and telecoms	914
Premises and facilities	1948
Depreciation	2021
<b>Total</b>	<b>19889</b>
<b>Net cost</b>	<b>0</b>
<b>Capital Budget</b>	
IT and facilities	1458

## Approach to risk management

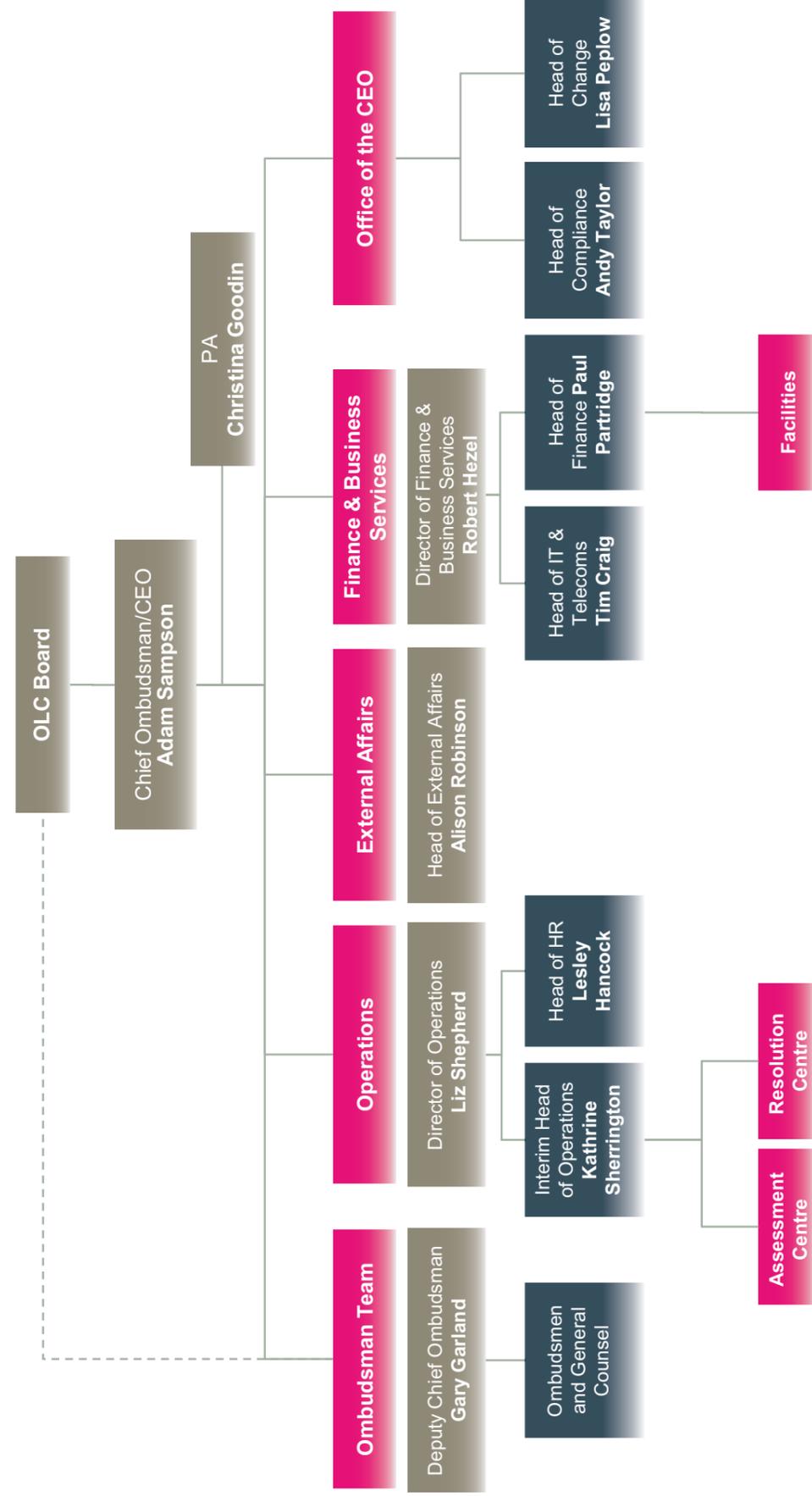
The Legal Ombudsman takes a rigorous approach to risk management, looking at both the programme and corporate levels of risk. Risks are allocated against a set of common categories and are ranked according to a common 'Impact/ Likelihood' scoring, considered with regards to their severity and allocated a BRAG (black, red, amber, green) status.

Having been allocated a status, all risks are analysed and appropriate mitigations are considered. Any changes to a risk are monitored, tracked and recorded, and new risks added as and when they arise. This is an important and constantly changing area, and the programme risk logs are visited every two weeks by the Programme Management Office. The corporate risks are monitored on a monthly basis by the Executive Management Team. The following table shows the most significant risks we believe the organisation faces in the first year of operation:

Risk category	Risk description
Financial	<ul style="list-style-type: none"> <li>• Failure to manage budget which leads to greater expenditure</li> <li>• Financial management not in line with guidelines</li> <li>• Financial restrictions impact upon delivery of service</li> <li>• Open scrutiny leads to adverse publicity</li> <li>• Inability to respond to peaks and troughs due to funding constraints</li> </ul>
Reputation	<ul style="list-style-type: none"> <li>• Reputation unfavourable compared to previous bodies</li> <li>• Consistency in decision making questionable</li> <li>• Difficulty in working with partner agencies</li> </ul>
Operational delivery	<ul style="list-style-type: none"> <li>• Inability to keep pace with demand</li> <li>• Business processes need refining to meet operational demand</li> <li>• IT does not support the business adequately</li> </ul>
Quality	<ul style="list-style-type: none"> <li>• Poor customer service</li> <li>• Policies and procedures require refinement</li> </ul>
Business Market	<ul style="list-style-type: none"> <li>• Inability to respond to changes in operating landscape</li> <li>• Consumer confusion about Legal Ombudsman role</li> </ul>
Governance	<ul style="list-style-type: none"> <li>• Governance arrangements prove challenging</li> </ul>
Compliance	<ul style="list-style-type: none"> <li>• Failure of Information security</li> <li>• Failure to meet health and safety guidelines</li> </ul>
Culture	<ul style="list-style-type: none"> <li>• Staff behaviour is inappropriate</li> </ul>

Behind each of these risks, consideration has been given to impact, an 'owner' has been allocated and detailed mitigating actions have been drawn up.

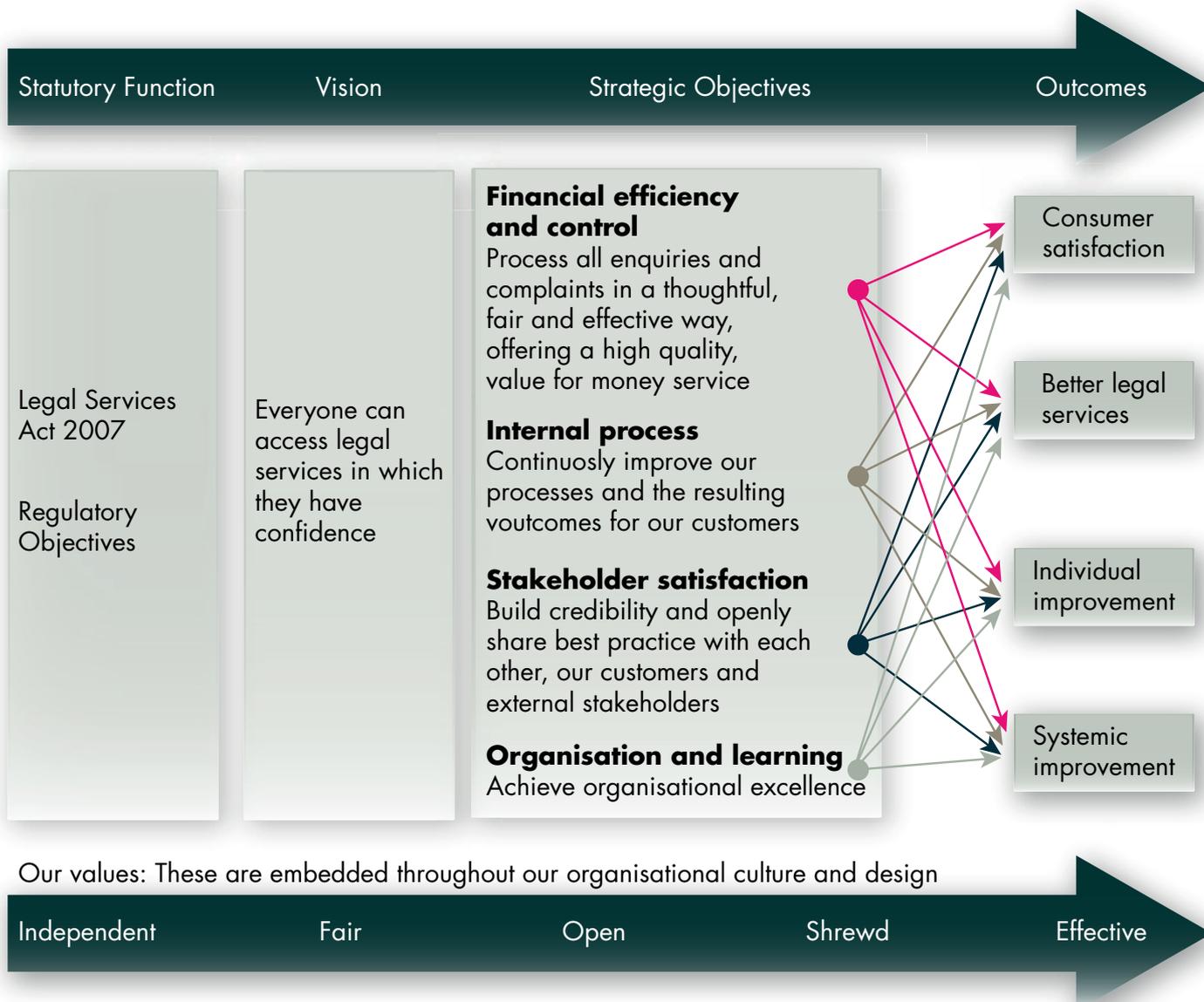
Responsible for risk management is a Programme and Change Management Office, which sits alongside the Corporate Governance Team. These functions act as a central point of monitoring and control for the organisation.



Appendix 2 Stakeholder map



## Appendix 3 Organisational design



### Further information

This Strategy and Business Plan is aligned with our programme, performance indicators and projected spend. Other key documents include the Annual Report, Management Statement and Financial Memorandum and a clear governance framework. To view these documents or for further information visit [www.legalombudsman.org.uk](http://www.legalombudsman.org.uk).