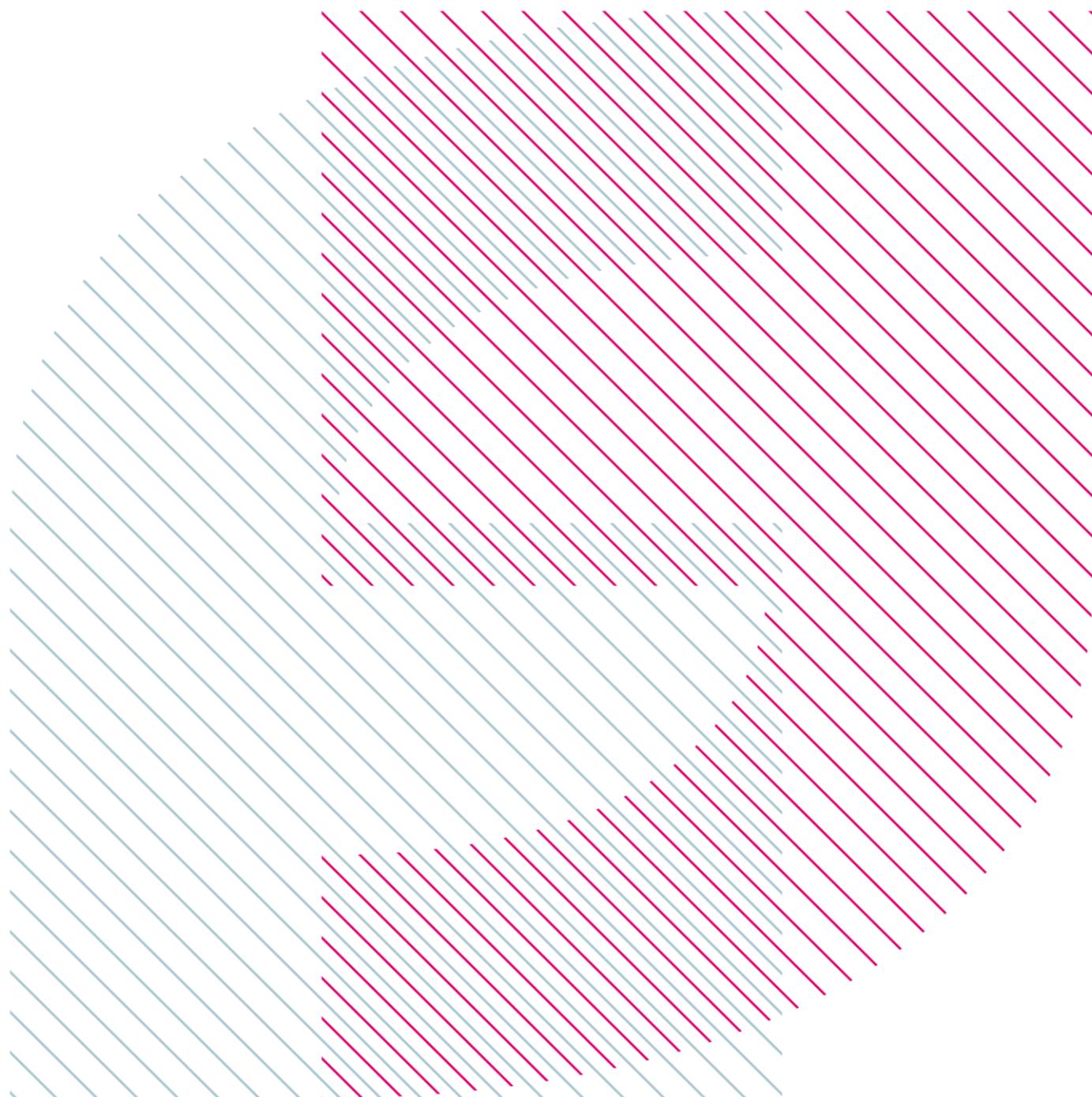


**LEGAL**  
OMBUDSMAN **2014-2017**  
***Strategy and budget***



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## **Foreword from our Chair and Chief Ombudsman**

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The Legal Ombudsman has made significant progress since it was created just over four years ago. The scheme, which is administered by the Office for Legal Complaints (OLC), under the Legal Services Act 2007 was created by Parliament as the independent, impartial, 'single-point-of-entry' Ombudsman scheme for consumers' legal complaints.

And from later in 2014, we will begin to accept complaints about claims management companies, following the Government's December 2013 decision to extend our remit to resolve complaints in this complex area. This is a significant development since we first began to develop this strategy; we have included here as much information as possible while we work with the Ministry of Justice, regulators and others to fully understand the scope and volume of work in this area. Our view remains, however, that planning assumptions and targets for this work should be produced and measured separately. There must be no confusion. In addition, our delivery of current work must not be, or be perceived to be, adversely impacted by the extension of the remit of our service. Indeed, we expect that in the medium term the service we offer to our existing customers will be enhanced.

The published KPIs for the organisation speak for themselves – our performance has improved year on year and we are now accepted as a recognised and respected part of the legal and consumer landscapes. Having said that, we continue to strive for improvements, working towards what we see as full operational effectiveness. Business and staffing models are now beginning to take shape with the benefit of operational experience and learning. In this sense, we are confident that we are progressing towards becoming one of the most effective and efficient alternative dispute resolution schemes available to consumers, with our attention remaining on ensuring the quality of our decisions as well as our unit cost over the coming period.

Earlier this year, we called for the recently approved EU Directive on alternative dispute resolution (ADR) to be used as an opportunity to look again at the approach to providing redress so that future challenges are met and access for consumers simplified. The Directive will require ADR to be available for traders in all sectors and will apply to complaints regarding contractual obligations about services and products instigated

by a consumer against a business (including those who provide professional services) from 2015. This, alongside the innovation and evolution happening across the legal services and other professional markets, as well as a focus again on consumer rights and access to justice, means we continue to face new challenges to make sure the Ombudsman remains modern and relevant.

What underpins this strategy is the idea that we should seek to help create a system that is accessible, transparent, effective and efficient both for consumers and for businesses. Many consumers will not think about who provided a service or where the boundaries in definition lie. Legal services for one are increasingly becoming entwined with other professional services. This lack of clarity around regulatory boundaries can be problematic for consumers as well as for businesses which must grapple with more than one set of sometimes conflicting requirements if they operate in more than one sector.

All stakeholders need to respond to these changes. But if we are to secure the right framework to support consumers and businesses and the broader marketplace, we believe what is needed is a concerted and coordinated action to seek improvements both within the Ombudsman and also to ensure a better system and market practices overall. To do this, we need the right systems and information to help us resolve disputes and feed those lessons back to inform the market, regulators and policymakers.

Our strategy seeks to respond to the opportunities provided in the existing Legal Services Act 2007, which set up the Legal Ombudsman, that allow it to provide redress related to a much broader range of services. We also want to recognise and invest in the skills of the organisation in delivering other forms of alternative dispute resolution, acknowledging that formal Ombudsman decision is appropriate to resolve some, but not all, disputes. At the moment the Legal Ombudsman can help put things right for consumers only if service providers are regulated. The timing is right to think about how the Legal Ombudsman could consider broadening its approach to redress to mirror changing consumer behaviour and innovations in legal services and beyond, which are eroding traditional boundaries between sectors.

**Elizabeth France CBE**  
Chair of the Office for Legal Complaints

**Adam Sampson**  
Chief Ombudsman

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## **Context for the strategy**

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As we said above, the context in which we are doing our work is changing rapidly. When the Legal Services Act was passed, legal services were still delivered in a largely traditional manner: in face to face conversations with qualified lawyers in high street offices up and down the country. Six years later, we have alternative business structures, internet-based services, and complex delivery structures which may or may not be legally owned, legally staffed and legally regulated. Sharing information and learning from complaints is becoming increasingly vital.

That is the new reality to which the Legal Ombudsman must adjust. Some of that adjustment can be made by simple improvements to our processes and procedures. Improving our IT will allow us to take advantage of the technological advances which have been made since we began work in 2010 and deliver more – and more efficiently – to users of our service who are increasingly IT literate and who increasingly expect the sort of 24-hour, immediate access which modern IT allows. The changing economic environment, with more competition among legal providers and less money going to fund legal aid, for example, requires us to look even more critically at our cost base, continuing to drive down our unit costs and look for ways of delivering our service more efficiently. The fact that we now have three years worth of information about the number and profile of consumer complaints being made allows us to refine our business process to manage demand more effectively. In 2014-15 we will be dealing with complaints about claims management companies for the first time. In addition to providing an independent complaint scheme for this industry, we will also achieve economies of scale which we believe will benefit our existing stakeholders. The amendments to the Banking Reform Act 2013 that bring about this change have implications for the financial arrangements set out in the Legal Services Act 2007. As we implement these changes, we intend to ensure that the new jurisdiction is functionally separate from our existing work so its costs can be tracked and reported separately to ensure that they are apportioned correctly between professional communities. Any impact will be isolated and contained without affecting the handling of legal complaints; for this reason we expressed our current (limited)

planning assumptions for CMC work separately from our existing jurisdiction.

However, some of the changes which are taking place in the external environment cannot easily be accommodated by our organisation within our existing legal framework. The increasingly complex nature of some of the organisations providing legal services challenges the edges of the existing system of regulation of legal services. With current Ministerial policy not in favour of extending the ambit of regulation, a significant proportion of legal service provision will remain beyond the statutory jurisdiction of the Ombudsman scheme.

Moreover, there are signs that a range of professionals outside the traditional legal structures are becoming interested in providing legal services as part of a bundled professional services offer. One of the accountancy regulators is investigating the possibility of regulating legal activity. Insurance companies are buying up law firms. These changes confuse an already confused consumer market and expose the gaps and overlaps in regulation and redress provision.

It is in this context that the EU ADR Directive offers a real opportunity to revisit the way that consumers access redress. By the time this strategy is finalised, we may know more about the way in which Government is intending to implement the Directive. However, it is clear that this is an area where we need to use the experience we have gained over the past four years to help inform the direction of policy and be ready to help implement the policy which is created.

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## **What we are planning to do**

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To ensure that the Legal Ombudsman remains fit-for-purpose, modern and efficient over the long term, there are a number of things we all must do.

- **We will start to resolve complaints about claims management companies (CMCs).** Government has responded to identified detriment to consumers in this market and in December 2013 decided to extend our remit to resolve

complaints in this complex area. We will work with regulators, stakeholders, consumers and their representatives and the claims management industry, as well as legal professionals, to plan and implement redress in this area, without adverse impact on our current work.

- **We have to respond to an evolving external landscape.**  
There is an important and ongoing debate about how consumers should be able to access redress and how that sits in the broader consumer affairs and justice landscapes. Equally, the legal services and other markets are changing and there is an increasing need and appetite to learn lessons from complaints to raise standards. If consumers are to continue to receive the services they need, then we need to coordinate our efforts to develop a strategic response to make this happen.
- **We need to continue to find better ways of doing things.**  
We cannot rely on continuing to do things the same way as before. We want to make sure the way we do things meets good practice and helps to set the standard for businesses within our jurisdiction.
- **We all have to play our part.** Finding solutions to the challenges we face is not something the Ombudsman can – or should – do alone. We want to continue to work with regulators, professional bodies, consumer groups and Government to assist debate and share evidence to promote policy making. We remain committed to working with all of our stakeholders to help deliver a coherent and simple approach to redress that supports confidence in the wider legal services market.

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## Our goals

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Our goals in helping to deliver access to redress and achieve our mission are:



1. To continue to improve our efficiency



2. To implement changes to our jurisdiction and begin to resolve claims management complaints in 2014



3. To help create an improved legal complaints handling system



4. To replicate what we have learned more widely

We have developed these from discussions internally and with our stakeholders, particularly through useful discussion and challenge from the publication of our discussion paper 'Access to redress for legal and other professional services' (which you can read [here](#)) earlier this year. As touched on in this discussion paper (pages 2-3) we are guided by the principles of improvement, simplicity and rationalisation to challenge us to improve both what we do and also how the Ombudsman makes a contribution more broadly. We also thank those who took the time to contribute to the development of this strategy through our consultation process.

None of the four goals can be delivered in isolation or to the detriment of any of the others. For example, we cannot ensure a fair deal for customers and improved efficiency without making sure that our approach fits with developments in redress and also how the legal services market is delivering its products.

Under each goal, we state:

- what it means;
- our long-term view of what we are trying to achieve;
- an example of how we propose to turn our strategy into action; and
- key elements of our legal duties and powers or external factors to delivery that are most relevant.

## ***Goal: to continue to improve our efficiency***

### **What it means:**

- Making sure that improvement is embedded in the culture of the Ombudsman service. We want it to be a state of mind where we all want to learn, develop and improve what we do all the time so that we are prepared for and can meet future challenges.
- Demonstrating improvement both internally and externally and being held accountable for this. We will do this by setting stretching annual KPI targets and ensuring we achieve them in order to demonstrate progress externally. We will deliver year on year improvement against our five KPIs; timeliness, cost, quality, reputation and impact. We will make sure that any strides forward in one area is not at the expense of others, with special attention on ensuring the ongoing quality of work,
- Engaging effectively internally so everyone at the Ombudsman has the chance to contribute to the development of our systems and processes to allow us to put in place continuous improvement. We will place an even greater emphasis on developing our people as individual improvement and development will lead to organisational improvement and development.
- Expanding our partnerships and insight across the ADR community to ensure we are aware of and consider the benefits of best practice. We will look beyond our own industry to generate ideas, learn about new technologies and benchmark our aspirations.

### **Long term view:**

We want to create awareness, ownership and a sense of responsibility for the achievement of improved performance amongst all LeO staff. We want everyone to believe it is their responsibility to be delivering annual improvement. We want everyone to want to be part of a high performing organisation and to take individual responsibility for doing their jobs better. This collectively will allow LeO to improve performance.

We want to gain a better understanding of what great looks like for our customers and stakeholders so we can use this insight to help us strive for continuous improvement and greater performance. Complainants want their issues resolved independently and the legal profession want us to be fair and efficient. But we will go beyond that. We will gain a greater understanding of when, how and what outcomes complainants want and deliver these.

At the same time we will be looking to minimise the cost to the profession of our services as ultimately our costs are borne by the users of legal services. We will demonstrate to government, consumers and ombudsman and ADR colleagues to that we can provide high-quality redress in a cost effective way and we are a model that can really add value across sectors.

We will have the credibility to drive change to the depth and breadth of our service offering based on the quality of service we deliver. An organisation that features long delays, poor decision-making or reducing cost efficiency is not an organisation with a right to expand its role and jurisdiction. We will only seek to take on additional responsibilities once we are able to demonstrate we can deliver them effectively. Our improvement will be a catalyst for our expansion and will re-enforce the economic arguments for a comprehensive ADR system to be put in place across consumer markets.

### **Turning strategy into action**

To do this we will, for example:

- continue to review and refine our processes to reduce the time and delays in resolving cases as well as to continue to identify ways of supporting and improving quality;
- invest in the enhancement of our IT and telephony systems to provide greater functionality, improved efficiency and improved service levels;
- increase the focus on the quality of our work so that we improve the experience of our customers and the consistency of our decisions;
- continue to increase staff engagement and involvement with what we are trying to achieve and how we go about making it happen;

- develop our training and development activities and create pathways and options that will help increase motivation and commitment.

We will measure this by sharing information about:

- our performance against our KPIs; timeliness, cost, quality, reputation and impact;
- our performance as an employer where we intend to externally benchmark ourselves; and
- the insights our stakeholders provide on what services and what standards of service they expect.

***Goal: to implement changes to our jurisdiction and begin to resolve claims management complaints in 2014***

**What it means:**

- Working with key partners such as the Ministry of Justice, Claims Management Regulator, consumer groups, the claims management industry and our existing legal professional colleagues to understand and develop plans to ensure effective implementation of statutory changes to bring regulated claims management companies (CMCs) within the remit of the Ombudsman to the timeframes set by Parliament.
- Understanding potential complaints, both in terms of volumes and types of issues, and setting in place robust and appropriate governance, financial reporting and information sharing frameworks to ensure a system of accountability and transparency that supports effective redress and regulation.
- Setting annual budgets, KPI targets and ensuring we achieve them in order to demonstrate progress externally, without adverse effect on our existing service as well as recording and demonstrating the impact of this additional area of work to assist apportionment of cost.

- Developing systems and processes to enable us to draw insight from CMC complaints and engage effectively to begin sharing lessons and working to raise standards in the market.

### **Long term view:**

We want to ensure we implement this new area of work efficiently in order to make sure consumers of claims management services have access to high-quality, informal and speedy redress. Part of this requires an early, clear and shared understanding with Ministers and Ministry of Justice of the parameters, of this new jurisdiction, including an assessment of financial risk to the implementation timetable.

We will work with stakeholders to ensure we put in place mechanisms for effective information exchange to share insights from complaints to help raise standards in the sector, as well as to make sure regulators and Government have information that will assist them develop and implement market policy.

We will create awareness of our role with consumers and their representatives, while seeking to manage expectations and ensure that the role and powers of the Ombudsman (including what it is unable to do) are communicated. We will also work with the industry to assist them understand the role and remit of the Ombudsman, and look to put in place mechanisms to improve first tier complaints handling and prevent complaints arising in the first place.

Finally, we will put in place robust internal arrangements to ensure we are accountable and transparent in our reporting, developing and setting appropriate targets (separate to those for legal professional complaints) and ensuring financial and budgeting arrangements are fair. We will also look to ensure economies of scale so that unit cost in both areas of work reduces over time.

### **Turning strategy into action**

To do this we will:

- plan effective implementation and risk management of this statutory change to the timetable set by Parliament and Ministry of Justice (anticipated to be before the end of 2014);
- model potential volumes, and from that, develop budgets and ways of working to ensure operational effectiveness on go-live,

working collaboratively with experts, policy-makers, regulators and consumer groups;

- develop our business processes, training and recruitment processes to ensure we are able to effectively resolve CMC complaints from go-live;
- develop and deliver a communications strategy to engage the industry, stakeholders and raise awareness with consumers;
- ring-fence our approach to CMC complaints to ensure we are accountable, to limit any adverse impact on our existing work, and to make sure we can draw insight from complaints, and, over time, improve our internal processes.

We will measure this by sharing information about:

- our plans to implement this new area of work, including financial arrangements and volume estimates;
- after 'go-live' - complaint volumes to the Ombudsman, our performance to assist in the setting of KPIs, budget and overall cost;
- how we will share information with the regulator and other stakeholders about claims management complaints; and
- themes and insights into complaints to raise standards and prevent future complaints.

## ***Goal: to help create an improved complaints handling system***

### **What it means**

- Making sure the Ombudsman explores different avenues for effective dispute resolution, acknowledging its current work in providing alternative dispute resolution and building on this to provide appropriate and innovative ways of resolving disputes including exploring extending its offer to aid implementation of the requirements of the Legal Services Act, including a voluntary jurisdiction.
- Making sure the Ombudsman provides appropriate and innovative ways of resolving disputes that match customer expectations and support businesses learn and improve their services.

- Making sure that the Ombudsman remains fit-for-purpose by driving up efficiencies and reducing costs by looking at options to diversify and support appropriate dispute resolution.
- Making sure the Legal Ombudsman contributes to all the regulatory objectives in the Legal Services Act.
- Extend range of possible offers to aid potential voluntary jurisdiction.

### **A long term view**

We aim to create an environment where the Ombudsman provides a range of relevant, tailored and appropriate services to recognise the scope of what it currently does and to build on this to make sure what it offers remains relevant for the innovating market place in which it works. We want to make sure our approach is evidence based, and will ensure that we work with other stakeholders, for instance consumer groups and regulators, to test and develop our understanding as we develop our service.

We will focus on developing a range of ways to resolve disputes that are efficient and effective – and that also assist us gain better insight and understanding so we can build on our existing programmes of learning and feedback to the profession to raise standards and improve consumer confidence.

We will consult and continually review the avenues we adopt to ensure we remain relevant and fit-for-purpose – and that any innovation does not adversely impact on the quality of the service we currently provide or raise our costs.

### **Turning strategy into action**

To do this we will, for example:

- provide more advice and information online about how LeO might deal with cases;
- enhance availability of telephone advice to legal professionals and consumers;
- widen our offer of learning and education for legal services providers and others in our jurisdiction;

- conduct research to make sure developments to our service are based in evidence, and consult and engage on the outcomes;
- explore possible options for effective earlier intervention (e.g. mediation, arbitration, fast-track resolution, first-tier complaints support).

We will measure this by sharing information about:

- how easy our service is to find and use;
- information about our cost and performance;
- information about the complaints we receive, our work to investigate and resolve them and what our customers think of our service;
- research we commission;
- information about how we help others improve legal and other services; and
- information about the work we do to make the complaints system better.

### ***Goal: to replicate what we have learned more widely***

#### **What it means**

- Making sure the Ombudsman feeds back the learning from our work to the profession, consumers, policy-makers.
- Making sure that the Ombudsman engages appropriately with policy-makers in discussions about the best ways of delivering redress, empowering consumers and supporting the delivery of quality services.
- Contributing to the implementation of any new policy on redress provision, standing ready to undertake any new activities which are consistent with our mission and values as an Ombudsman scheme.

### **A long term view**

We aim to help create an environment where there is a joined-up, appropriate and efficient system of consumer redress, which serves both to resolve disputes between provider and customer and the learning from those disputes is fed back to improve provision.

### **Turning strategy into action**

To do this we will, for example:

- engage with Government, policy makers and other redress providers to inform the planned response to the EU ADR Directive and ODR Regulation;
- find new and innovate ways to feedback learning from complaints to consumers and professionals to help them avoid problems arising at all;
- track developments in the legal services and linked markets to inform decision-making;
- actively seek opportunities to refine our jurisdiction to encompass other areas where it appears helpful for us to provide redress;
- work actively with other redress providers to co-ordinate activity and offer a more integrated, accessible and efficient system of redress.

We will measure this by sharing information about:

- the Ombudsman's response to developments and Government policy in relation to alternative dispute resolution;
- information about how any changes in our remit will interact with our current cost and performance;
- information from complaints that provide evidence of issues of importance for regulation, redress or that highlight areas of potential consumer detriment to inform policy and practice; and
- information about the work we do to make the complaints system more effective.

## Our Budget and targets for 2014-2015

### Background

#### 2013-14 forecast out-turn

	2012-13 Actual	2013-14 Budget	2013-14 Forecast	Forecast vs Budget	Forecast % vs Budget	Forecast %vs 2012-13
<b>Total Expenditure</b>	£16.7m	£17.0m	£15.7m	£1.4m below budget	8% below budget	6.5% less than last year
<b>Case volume</b>	7,630	8,500	8,100	500 less than planned	6% less than planned	4.8% more than last year
<b>Unit cost</b>	£2,168	£2,000	£1,938	£62 less than planned	3% less than planned	10.6% less than last year

When we determined the 2013-14 budget of £16.9 million we anticipated that case volumes would increase to around 8,500 cases per annum as a result of changes to our scheme rules in February 2013. Implicit in our budget was our key performance target of delivering a unit cost of under £2,000 per case. This remains a key focus.

In the current year, it was clear after a short period of operation that the anticipated increased in volume to the Ombudsman as a result of the scheme rules changes was not significant. Overall case volumes have therefore been stable rather than increasing as we planned for at the beginning of the current financial year.

To deliver the unit cost target for 2013-14 we undertook a review of the cost base during May and June 2013. This culminated in a re-organisation in July 2013 which reduced the planned total expenditure in year to £15.7 million and resulted in a reduction in headcount by 44 roles. We currently anticipate that we will resolve around 8,100 cases in 2013-

14, and that therefore we will achieve a unit cost in the region of £1,938 per case.

The full year impact of changes following this 2013-14 cost reduction together with ongoing improvement activities allows us to set a significantly reduced budget for 2014-15, and to target ourselves in 2014-15 to achieve a unit cost of below £1,750 per case.

### ***High level budget 2014-15***

This is the budget for our existing work for legal complaints. Separate budgets for the new claims management complaints work (one for the implementation project and the other for operational running costs) will be developed and published once the funding and governance arrangements and parameters of financial risk are finalised with the Ministry of Justice. These budgets will be ring-fenced.

In setting this high-level budget for our work to resolve legal complaints we have set a goal that we believe is achievable, based on the structural changes that we have now made. Our proposed budget for 2014-15 reflects our desire to continue to improve the efficiency of our work to resolve legal complaints while ensuring that we continue to deliver a high quality, customer focused service.

	£'m
Levy income	12.81
Case Fee income	1.06
<b>Total Income</b>	<b>13.87</b>
Staffing	9.67
Travel and subsistence	0.05
Fees and support	0.57
IT and telecoms	1.01
Premises and facilities	1.34
Other	0.07
Unrecoverable case fees	0.25
Contingency	0.25
<b>Total costs</b>	<b>13.21</b>
Depreciation	<b>0.66</b>
<b>Net expenditure</b>	<b>13.87</b>
Capex	<b>1.7</b>
<b>Planned Cases Resolved</b>	<b>8,000</b>
<b>Planned Unit cost</b>	<b>£1,734</b>

	Full time staff equivalents
Ombudsmen	13
General Counsel & Compliance	6
Operational Management	5
Assessors and team leaders	34
Investigators and team leaders	117
Coordinators	8
Quality & Knowledge	6
Finance and Business Services	23
Policy and Communications	9
	<b>221</b>

## ***Risks and assumptions***

### **Key Assumptions**

The key assumptions we have made in setting the high level budget include:

- any new activities or jurisdiction (for example, claims management) will be funded separately. Funding will be accounted for within a separate budget which will be agreed through defined governance processes. Any additional jurisdictions will have the costs of LeO's existing infrastructure apportioned to that budget. Economies of scale will reduce the cost to the legal profession for running our core scheme.
- activity for our core legal jurisdiction remains broadly stable. We anticipate any impact from an economic upturn on volume will be offset by continued improved first tier complaint handling by the profession.
- core "demand" will remain stable around 7,900 cases per annum. As we continue to improve our performance we anticipate that we will become increasingly effective at managing work in progress and will resolve around 8000 cases in 2014-15.
- CMC related work will be financially ring-fenced from legal complaints and shared costs will be apportioned across these two budgets in line with the impact of this additional area of work on our overall service.
- our capital expenditure budget provides for IT infrastructure & application development (principally on a new case management system), the start of a refresh programme of our IT desktop hardware, and an office move or re-fit due to likely increased rent costs from 2015/16 at our current location.
- to make sure sufficient contingency is available so we respond effectively to any upturn in complaints without having to request additional interim budget from the LSB and MoJ mid-year. We have allowed 2% of expenditure as contingency in line with standard practice.

**We will set out our assumptions for setting a claims management budget separately as part of the implementation process agreed with the Ministry of Justice.**

### **Key Risks**

The risks to the business plan remain similar to those outlined in the 2013/14 budget plan, including, for example, variation from anticipated contact and case volumes, lower than planned investigator efficiency, unplanned staff turnover levels, and unanticipated judicial review costs.

The major risks identified for the coming period are:

- anticipating and responding to broader market and environmental changes;
- matching financial and organisational capacity with fluctuations in demand;
- managing the extension of our jurisdiction to CMCs, particularly considering the relative lack of information about the nature of demand, and dealing with the resultant financial and operational consequences;
- providing an accessible and adaptable service for all consumers;
- maintaining our reputation if we do not live up to our values and objectives;
- ensuring our systems are robust and that data and information management processes are sustainable, ensuring no data security breaches or lack of ability to mine data to feed back from complaints.

Other risks facing the Ombudsman in the coming year include:

- management of the extension of our jurisdiction to include claims management. We will mitigate any impact on our existing jurisdiction by initially ring-fencing this new activity to allow us to ensure efficient processes, quality management information and manage financial and operational requirements proactively;
- delay to delivery of process and IT improvements. These improvements are key to efficiency gains as well as enabling us to extend our activities into new areas, to the additional

- benefit of both existing and future stakeholders, and to ensure unit cost targets are met; and
- economic growth leads to increased volume of complaints requiring additional unplanned resource. We anticipate efficiency gains over the coming 18 months will mean that capacity is available to respond to any such increase in demand. There will be a lag time between increased legal activity and complaints allowing a period for forecasting and planning.

**We will set out the risks associated with claims management complaints separately as part of the implementation process agreed with the Ministry of Justice.**

### **Key Performance Measures and associated targets for 2014-15**

We agree our performance targets in relation to our service resolving legal complaints with the Legal Services Board and will refine these as required to ensure that these remain relevant. Our KPI measures for 2014-15 remain unchanged from 2012-13, and, as indicated previously in this strategy, we continue to strive to improve our performance and service delivery. These measures - timeliness, cost, quality, reputation and impact – will demonstrate our success in doing this over time.

**We will set KPIs for our service resolving claims management complaints separately, after ‘go-live’, after an initial period of operation.**

### **Timeliness**

We aim to resolve complaints quickly and with minimum formality. We start counting the timeliness “clock” from the point at which we agree with the complainant what the complaint is about and that it is something we can help with. We are proposing more challenging cost and timeliness targets for 2014-15, which we will actively manage:

	2012-13		2013-14		2014-15
	Target	Actual	Target	Actual (to Sept)	Target
<b>Cases Resolved within eight weeks (56 days)</b>	-	37%	-	38%	<b>40%</b>
<b>Cases Resolved within three months (90 days)</b>	55%	57%	60%	68%	<b>70%</b>
<b>Cases resolved within nine months (180 days)</b>	80%	93%	90%	95%	<b>95%</b>
<b>Cases resolved within one year (365 days)</b>	100%	100%	100%	100%	<b>100%</b>

In order to maintain our focus on continual improvement of our performance we have proposed a new measure (40%) of the proportion of cases which we resolve within eight weeks as well as increases to our existing targets. Eight weeks is the time allowed to resolve first-tier complaints before it comes to the Ombudsman, which is why we have set this timeframe for this target. We have never focused on an eight week target before and are therefore cautious in our target setting. However we believe that this target will challenge our thinking around process and assist us more broadly in improving and demonstrating our performance.

We will be expecting to hit the 40% and 70% target routinely by the end of the year 2014/2015, and will report against the overall average for the year to meet this KPI. This is in part to acknowledge potential risks around new IT systems coming on board, and a potential impact during that transition period. Again, we will actively manage our service to limit any impact.

### **Cost**

We aim to provide a value for money service. We have two measures - the first of which is unit cost (the cost of delivering the ombudsman scheme divided by the number of cases resolved) and the second being to remain within our budgeted expenditure.

Both these measures are critically dependent on the levels of demand experienced. Higher than expected demand will tend to impact the overall annual budget expenditure but will reduce the unit cost figure.

Conversely, lower than expected demand will tend to increase the unit cost but make it easier to come in under budget.

Our proposed target unit cost for 2014-15 is to reduce the cost per case below £1,750. This is based on our proposed budget of £13.87 million and the expectation of resolving around 8,000 cases.

### **Quality**

We remain committed to providing a professional, high quality service that responds to the needs of individual customers, and which leads to fair and proportionate outcomes. We undertake a number of internal checks and reviews to ensure that the work of our investigators and assessors is consistent, follows our internal procedures and is of an appropriate overall standard. However in setting our measure for quality we have focused on the satisfaction of our customers (lawyers and consumers). This information is obtained through an independent customer satisfaction survey.

Satisfaction with our service is influenced by customers' satisfaction with outcome to such an extent, that we report the KPI measure separately for those who were satisfied with their outcome and those who were not. Our target is to learn from and where necessary adapt our approach to ensure that we continually improve the quality of the service we provide, and thereby improving satisfaction levels.

### **Reputation**

We aim to build credibility and openly share best practice with stakeholders. We seek feedback from our customers and measure the following two factors to determine how we are doing:

- Advocacy: % respondents who would speak highly of the Legal Ombudsman without being asked / if asked.
- Stakeholder satisfaction: % of stakeholders satisfied with overall level of engagement

### **Impact**

Impact links closely to reputation, but is aimed at measuring the effectiveness of our efforts to feedback knowledge and learning to the profession and consumers. We plan to continue to measure our impact

by asking stakeholders and users of legal services about their perceptions and awareness of the Legal Ombudsman. The two measures which we use are:

- The percentage of stakeholders who have confidence in our delivery against our mission.
- The percentage of users of legal services in the last two years that had heard of the Legal Ombudsman

More information about our performance can be found on our website at <http://www.legalombudsman.org.uk/aboutus/our-performance.html>

#### **Further information**

This strategy is aligned with our performance indicators and projected spend. Other key documents include our Annual Report, Management Statement and Financial Memorandum and our governance framework. To view these documents or for further information visit:

[www.legalombudsman.org.uk](http://www.legalombudsman.org.uk)

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## **Annex A: Regulatory objectives**

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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.

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## **Annex B: Equality Priorities and Objectives 2014-17**

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### **To embed equality and diversity as part of our culture**

- Ensure our employment practices are open and robust
- To work to ensure that our workforce at all levels better reflects the diversity of the population it serves

### **Provide fair, accessible and responsive services to all**

- Ensure that our service is non-discriminatory
- Raise awareness of our service in all communities

### **Promote and embed equality across the organisation, and provide feedback to help promote equality across the profession and our stakeholders.**

- Assess the maturity of the organisation with respect to equality performance
- Identify opportunities to promote equality externally