

LEGAL
OMBUDSMAN

Consultation
Business Plan
2019 - 20



Foreword from the Chair of the Office for Legal Complaints

We are seeking views about our business plan and budget for 2019-20, the third and final year of our 2017-20 strategy.

We are operating in a rapidly changing operating environment – short and long-term factors will impact the legal services market, regulatory frameworks and the operating environment for public bodies. The Office for Legal Complaints (OLC) will ensure the Legal Ombudsman (LeO) adapts to the changes, remains relevant and builds trust and confidence in the scheme.

Our strategy sought to deliver an improvement in the effectiveness and efficiency of our complaints handling through an ambitious modernisation programme. Our strategic objectives also focused on improving our understanding of the external environment, to feed back more effectively and improve standards of first tier complaint handling.

LeO has made significant progress with its modernisation programme in 2018-19. We expect to close this year having successfully implemented our business process, staffing model, IT, telephony, case management system, and estate rationalisation. In 2019-20, we will continue to develop our organisational capability through rapid, smaller-scale project delivery, and our focus will be on achieving the full benefits of the modernisation programme we've implemented. The OLC Board is extremely grateful to all of our staff for their hard work and support for the modernisation process this year.

The foundations for sustainable future performance are in place. Although performance against our new KPIs has improved during 2018-19, it remains mixed; in 2019-20 we will achieve consistent and sustainable performance.

Our progress with modernisation will enable us to streamline our management structure by implementing a recommendation of the MoJ's Tailored Review a year earlier than planned. Our new management team is increasing the rigour of our processes, enhancing support for staff to build capability, enhancing stakeholder engagement and horizon scanning, and increasing our focus on performance.

The primary theme of the 2019-20 business plan will be the quality of our work, alongside an ongoing focus on case progression, to address key strategic challenges:

- building and maintaining trust and confidence by delivering - and sustaining - good performance; and
- remaining relevant and maximising our impact in a fast changing environment.

We have developed four annual priorities, set out in this consultation, that address these two strategic challenges, enable us to continue to deliver our strategic objectives and are relevant to LeO's position in the wider landscape. We welcome your views on our 2019-20 priorities, our plans to deliver them and our budget.

Wanda Goldwag
Chair, Office for Legal Complaints

About the Legal Ombudsman

The Legal Ombudsman for England and Wales was set up by our Board, the Office for Legal Complaints (the OLC), under the Legal Services Act 2007.

The Legal Ombudsman helps resolve complaints about services provided by regulated legal service providers and Claims Management Companies (CMC) in England and Wales. This includes solicitors, barristers, licensed conveyancers and legal executives. We protect and promote the public interest by investigating complaints impartially and fairly when service providers have been unable to resolve an initial complaint. If consumers and service providers are unable to resolve the complaints between themselves then a consumer can ask us to investigate. We have statutory powers that allow us, when necessary, to enforce remedies we order on behalf of complainants.

We accept complaints about all areas of law but the majority of complaints are about residential conveyancing, family matters, wills and probate, personal injury and litigation. In a typical year, we receive between 7,000 and 7,500 cases, and some 70,000 initial enquiries.

We know that consumers often come to us at particularly challenging times in their lives. Problems with the purchase of a house, the break-up of a family or the death of a loved one can be exacerbated by the service received from a service provider. For service providers, a complaint to LeO can be unsettling or stressful, and both sides are generally looking for timely closure and a fair outcome.

Our role is to investigate impartially and fairly and support both parties to resolve what can be challenging situations. We aim to talk to both parties, build a common understanding of whether there has been poor service and identify a mutually acceptable way to resolve the situation. Where this is not possible we have statutory powers to enforce remedies on behalf of consumers.

Beyond investigating matters in dispute our role is also to provide feedback that helps service providers improve their complaint handling and informs consumers about the service they can expect.

We aim to be an open and transparent organisation. We publish data about the complaints we consider, the decisions we make and our performance.

In our 2018-19 business plan we were open about the challenges that we faced to ensure that our performance meets the high standards we set for ourselves. Our plans for 2019-20 will build trust and confidence that the Legal Ombudsman is a well-run, effective organisation with great people and modern ways of working.

Vision, mission and objectives

Our impartial service is recognised as excellent. We add value to the UK's global reputation and protect consumers by helping to improve professional standards.

We protect and promote the public interest by investigating complaints impartially and fairly. Our work adds value through evidence-based feedback to the legal profession and claims management companies (CMCs). We make best use of our resources and command confidence as a well-run public body.

**Strategic objective 1:
Effective, efficient and high
quality resolution of
complaints**

**Strategic objective 2:
Understand the legal
service and CMC
environments, and feed
back to improve standards**

**Strategic objective 3:
Develop the scheme and the
service we provide**

**Strategic objective 4:
Modernise LeO to deliver
continuous improvement in
performance**

Progress against our 2018-19 annual priorities

Deliver sustainable improvement in performance

Performance is improving but remains a work in progress, with more work to be done in terms of throughput and timeliness.

In the light of variability in performance there is a significant internal focus on developing a high performance culture which will feed into a focus on quality in 2019-20.

We need to address feedback from our staff about the pace and volume of change.

Improve data quality, analysis and feedback to the professions

New Power BI solution improves our data analysis, feedback and performance management.

Continued use of the old CMS has affected our ability to share reliable insight. We are now working exclusively on our new system.

Feedback plan consistently delivered, and a more targeted approach is in place through a new communications and engagement strategy and horizon scanning.

Improve quality of service by implementing an internal quality and feedback model

We have seen positive improvements from a number of teams piloting a new ombudsman-led quality and feedback model to support quality and case progression. We are evaluating this model to inform final 2019-20 plans.

New Operations Support hub co-ordinating quality reviews, customer satisfaction surveys, service complaints and legal challenge to inform continuous improvement.

Start to digitise our service and improve cyber and data security

We have developed and rolled out a new Customer Assessment Tool and web complaint form which is already showing positive benefits.

We carried out a self-assessment against the NAO's cyber security checklist, are implementing an action plan, and have scheduled an ICO voluntary audit for Q4.

These activities put a good foundation to make better use of digital solutions in our service.

Strategic issues that will affect LeO in 2019-20

Diversification of legal service providers

Increased scrutiny of ombudsman schemes

Impact of Brexit on public services, consumer protection and legal sector

Outcome of LASPO review and effect on access to justice

Greater focus on public legal education

SRA Handbook changes

New regulator transparency rules

Introduction of more AI-driven legal processes

Effects of Civil Liability Bill on personal injury sector

Focus on professional conduct of lawyers

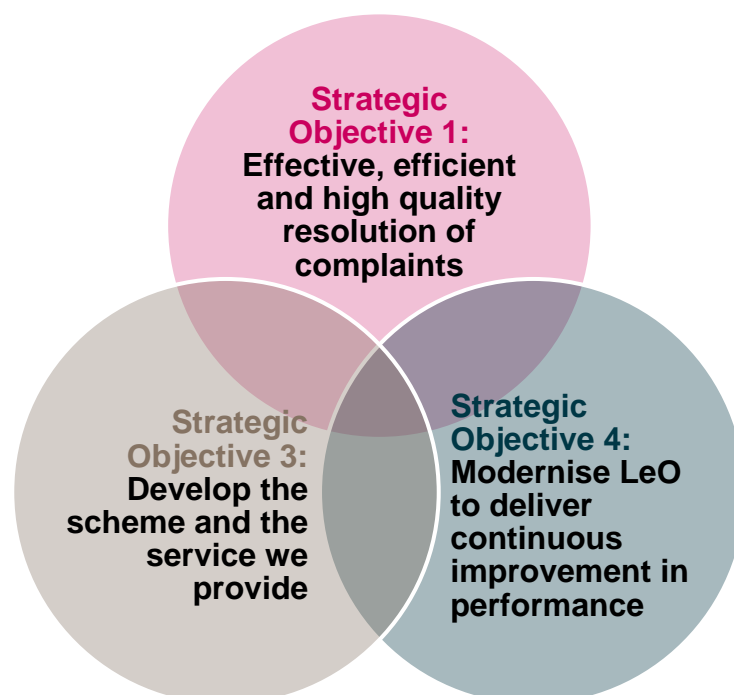
UCL review of legal services regulation

Addressing feedback from our staff

Annual priorities 2019-20

2018-19	2019-20	2020-21
<p>Deliver sustainable improvement in performance</p> <p>Improve data quality, analysis and feedback to the professions</p> <p>Improve quality of service by implementing an internal quality and feedback model</p> <p>Start to digitise our service and improve cyber and data security</p>	<p>Build and maintain trust and confidence in the Legal Ombudsman by improving the quality of our work and developing dispute resolution skills.</p> <p>Build and maintain trust and confidence in the Legal Ombudsman through consistently good performance.</p> <p>Maximise impact through more effective feedback of insight, data and targeted stakeholder engagement.</p> <p>Build trust and confidence in LeO and maximise impact through a refreshed website platform and digital service development.</p>	<p>Priorities will be driven by our new three year strategy</p> <p>Realising savings from the combination of the Chief Executive and Chief Ombudsman roles</p>

2019-20 Priority 1: Improve the quality of our work and develop dispute resolution skills



We need to deliver an effective, high quality and timely dispute resolution service.

We need to ensure that our staff have appropriate skills to deliver against our expectations about quality and progression. We also need to consider alternative models of delivery and explore the benefits that informal resolution methods such as mediation can provide to us and to our customers.

We want to build our approach around the concept of quality and feedback to incentivise staff to achieve high quality. This will also consider priority areas for development and succession planning, including recognising and nurturing Black and Minority Ethnic (BAME) talent and our initial training offer for new staff. We will also consider structural questions in light of a year operating our new staffing model.

We will continue work commenced in 2018-19 to build a high performance culture. Being clear about our expectations of our staff is a key part of this priority. We will also develop a framework against which we can assess the quality of the service we provide.

LeO reviews its scheme rules on a regular basis to ensure they are fit for purpose and provide the correct framework for delivering our service, and will continue to do so in 2019-20.

Outcome	High-level deliverable
Improved quality of casework and sustainable case progression	Embed quality and feedback model across LeO based on successful 2018-19 pilots
	Develop a revised definition of quality and a quality management framework that aligns with our customer service principles and integrates learning from quality reviews, customer satisfaction, service complaints and legal challenge
	Implement action plan agreed through work with Institute for Customer Service
Develop casework staff	Develop and embed career progression pathways, including specific pathways to develop BAME talent, based on robust assessment of skills and development needs
	Roll-out development programmes to build capability, particularly mediation and dispute resolution skills
Improved access to redress through increased informal resolution	Explore opportunities for a range of informal resolution techniques, including reviewing effectiveness of approaches in other dispute resolution schemes, to inform 2020-23 strategy

2019-20 Priority 2: Build and maintain trust and confidence in LeO through consistently good performance



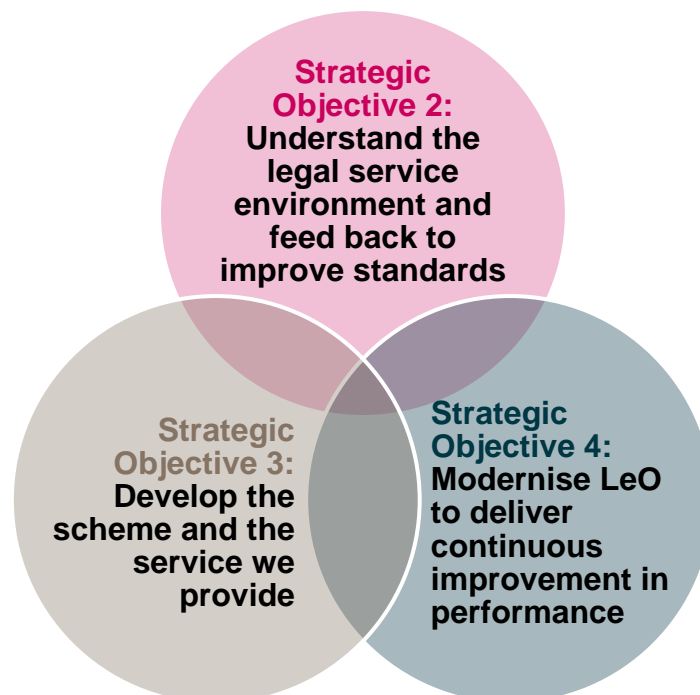
Consistently high quality requires the right balance between a fair outcome and pace. Our ability to reassure customers and service providers about what they can expect to happen over what period of time is critical to building confidence in our service. Establishing a culture of continuous improvement means that LeO can become more fleet of foot in responding to small scale improvements that collectively can make a big difference.

Another dimension to this priority is understanding the future demand for our services and any issues that may change that demand. We will remain mindful of staff well-being, the impact on our service of staff turnover and the need to provide an inclusive and welcoming working environment. We will ensure our service is sufficiently flexible to provide extra support to vulnerable people following our process.

The OLC Board is under no illusions about the importance of building on the foundations laid this year to achieve sustainable improvement in performance in 2019-20. Understanding what constitutes good performance and being able to forecast and model future performance is improving as a result of work delivered in 2018-19. Building on those improvements is a key part of this priority area. This will enable LeO to plan more effectively over the short, medium and longer term and make the most of the resources that we have.

Outcome	High-level deliverable
Transparency and clarity about current and projected future performance	Ongoing enhancement of our forecasting model and analysis of demand, integrated with our strategic horizon scanning
	Conduct market research to develop a more granular understanding and segmentation of actual and latent demand for our services, and develop our understanding of opportunities to use Artificial Intelligence/machine learning
Provide consistent, sustained and high levels of timeliness performance	Demonstrate more consistent case progression and quality by embedding the quality and feedback model
	Develop a high performance culture with the right leadership to give staff the skills and confidence to achieve consistently good performance in line with our business requirements, process, guidance, training and support
	Realise full benefits of customer assessment tool and new business process
Deliver improved performance through a more inclusive service and organisation	Implement our inclusive service strategy, informed by Equality, Diversity and Inclusion data and demand analysis
	Improve performance and productivity through a positive workplace culture of well-being and Mental Health
	Alongside implementation of our race action plan, raise staff awareness of issues for LGBT+ people and people with disabilities, to build a more inclusive service and organisation

2019-20 Priority 3: Maximise impact through more effective feedback of insight, data and targeted stakeholder engagement



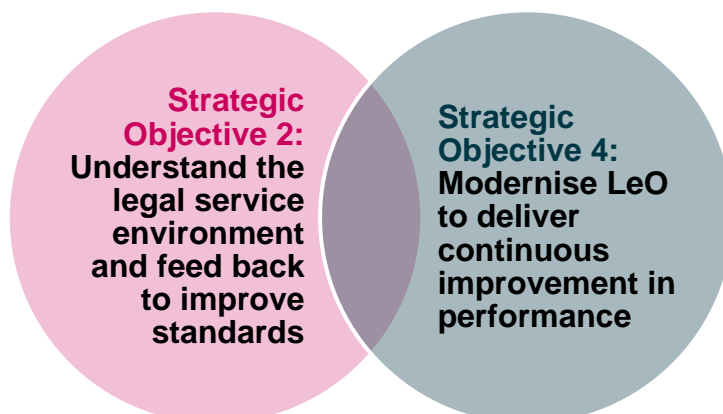
LeO has a wide range of external stakeholders. It is important that we maximise the difference we make to them within resource constraints. We will take a wider view of engagement to reach those service providers who don't have complaints with the Legal Ombudsman and how best to evaluate the impact of our feedback.

In line with our new communications and engagement strategy and improved strategic horizon scanning, we now need to consider how best to reach existing and potential customers to better understand their perspectives and improve our service to meet the needs of different customer groups, using market research where relevant. We will make better use of the improved data and business intelligence that we hold, sharing it more widely as part of our transparency agenda to influence improved complaints handling in the changing legal services market.

We need to develop a clearer, more strategic approach to feeding back to the professions and work differently by using learning from our work to inform the debate about the legal services market using new, dedicated business intelligence system. Our improved data will support publication of more analytical thematic reports, case studies, professional learning and thought leadership material. Through these, we will share more focused insights from our work that will do more to help service providers improve first tier complaints handling.

Outcome	High-level deliverable
Improve first tier complaints handling through more effective sharing our information and insights	Delivery of feedback and engagement plan (case studies, professional learning, periscope videos, social media)
	Develop more robust measures of the effectiveness and reach of our feedback to the professions, and review/refresh our approach in light of this and our market research/demand analysis
	Develop external mechanisms to understand what feedback stakeholders most value and internal mechanisms to spot casework trends more quickly
Maintain effective redress and support consumers by making better use of our data and implementing our transparency agenda	Improve sharing of data to support transparency and market reform to maximise information and choice for those using legal services, particularly sharing with regulators and Legal Choices
	Publish a regular summary of volume of work and trends in LeO casework
Deeper relationships with and engagement of key stakeholders	Refresh communications and engagement strategy with the demand analysis/market research, and results of our research about how other ombudsman and similar bodies feed back learning from their schemes
	Engage stakeholders fully in developing the Office for Legal Complaints' new 2020-2023 strategy

2019-20 Priority 4: Provide faster and more effective redress through a new website platform and digital service development



We will lay the foundations to benefit from increased use of digital services by developing a new website platform. This will enable LeO to provide easier access to its services, improve transparency and speed up resolution.

We will begin by establishing which digital services would provide the greatest benefits to LeO's customers and service providers and look to develop, pilot projects and implement new services as part of our continuous improvement approach. This work is likely to extend into the next three year strategy and beyond.

In line with implementation of our inclusive service strategy, LeO will continue to be mindful of the needs of customers and service providers who are unable to access digital services or for whom these services present a barrier to access. We understand that different customers have different needs and that any increased use of digital solutions needs to take into account of those who are unable or unwilling to use digital solutions.

We will explore a range of ways in which we can make our service more effective through a small number of focused, incremental activities where we can be confident of achieving benefits.

Outcome	High-level deliverable
Easier access to services and more effective resolution through an enhanced web platform	Enhance our web platform and continue to refine its content
Improved service offer through self-service, web-based digital services	Scope and agree a programme of digital/self-service projects
	Deliver digital/self-service projects in line with plan
	Assess equality impact of digital services

Responding to what our staff have told us to build a high performing organisation

We engaged our staff in developing this consultation document through specific team exercises, supplemented by feedback from staff survey results.

Staff costs are 80% of our budget, so their engagement in delivering our business plan priorities is critical to achieving the levels of service and performance that we require.

Our staff have told us that they enjoy the work they do and are proud of the independent service we provide. They value LeO's employee deal, in particular the new flexible working offer.

We acknowledge that it has been a challenging year for our staff because of the volume of change and focus on developing a high performance culture.

To stabilise our operational performance we will maintain our focus on achieving more consistent productivity and quality. We will need to help our people deliver consistently against targets, develop their skills and capability, and demonstrate LeO's values and behaviours.

We will do this through our learning and development offer and programme to grow our people. We will apply the lessons of the pilots we have run in 2018-19 to achieve more robust and consistent processes. We will support all of this with leadership development and staff engagement.

High-level 2019-20 budget

The table below provides a historical perspective on the OLC's budgets, and our proposed indicative revenue budget for 2019-20. Our budgets need to be approved both by the Ministry of Justice and Legal Services Board (LSB). Excluding bad debt expenses, staff costs account for over three quarters of our costs, which are recovered from providers through a levy administered by the LSB.

	2012-13 actual	2013-14 actual	2014-15 actual	2015-16 actual	2016-17 actual	2017-18 budget	2018-19 budget *	2019-20 indicative *
Legal Expenditure	£16.7m	£15.8m	£12.9m	£11.6m	£10.4m	£11.85m	£12.7m	£12.3m
Legal cases resolved	7,360	8,055	7,440	6,416	7,000	7,000	8,000	7,400
	2012-13 actual	2013-14 actual	2014-15 actual	2015-16 actual	2016-17 actual	2017-18 budget	2018-19 budget *	2019-20 indicative *
CMC – core costs	-	-	£0.8m	£2.1m	£2.1m	£3.0m	£1.99m	£0.0m
CMC cases resolved			NA	1,740	2,636	3,400	1,750	NA
TOTAL OLC budget	£16.7m	£15.8m	£13.7m	£13.7m	£13.6m	£14.85m	£14.7m	£12.3m

* 2018-19 and 2019-20 figures are net of estates costs/income from sub-letting 25% of our office to another public body from 1 April 2018.

Our indicative capital budgets, which are funded directly by Government and recovered through depreciation charges included in our revenue budgets, are set out below. These cover investments in our infrastructure, particularly information and communications technology and digital. The indicative 2019-20 capital budget is 50% lower than the £0.5m capital budget for 2019-20 anticipated in last year's business plan. This reflects the scale and positive impact of the IT changes we have introduced and new, more agile ways of delivering projects which rely less on capital funding.

	2016-17 actual	2017-18 budget	2018-19 budget	2019-20 indicative
Capital budget	£0.431m	£0.49m	£0.25m *	£0.25m

* Of the 2018-19 capital budget of £250k, £87k was returned to the MoJ due to changes in timing of CMS enhancements, meaning a forecast outturn of £0.163m.

2019-20 budget

Our proposed total budgeted revenue expenditure for 2019-20 is £12.3m, with a capital budget of £0.25m. The indicative legal budget includes all overheads, assuming the CMC jurisdiction transfers to FOS on 1 April 2019 as planned. The budget absorbs the additional one-off resource provided in 2018-19 to work through legacy cases from 2017-18.

Our forecast unit cost for 2019-20 is higher than budgeted unit cost for 2018-19. However, we anticipate actual unit costs in 2018-19 being above target due to a lower volume of closures than planned. This has been affected by the move to the new business process, staff turnover, the high proportion of staff new in role, and changes in process to reflect the focus on quality. We are also assuming that we will commence the 2019-20 financial year with staffing slightly above our establishment.

Compared with a budgeted legal unit cost of £1,685 in 2017-18, the proposed budget delivers a unit cost in 2019-20 of £1,663 (net of estates costs and income). Removing the effect of inflation from the 2019-20 unit cost, a 3% reduction in unit cost between 2017-18 and 2019-20.

Legal jurisdiction	2013-14	2014-15	2015-16	2016-17	2017-18 (budget)	2018-19 (budget)*	2019-20 (indicative)*
Cases resolved	8,055	7,440	6,416	6,573	7,000	8,000	7,400
Average unit cost (£)	1,950	1,716	1,813	1,587	1,685	1,578	1,663

* Net of estates expenses/income for space released to another public body from 1 April 2018. The 2019-20 figures include inflation.

We continue to identify ways to reduce our overheads, particularly as the CMC jurisdiction will no longer be contributing in 2019-20. This includes:

- significant estate savings by sharing our office space with another public body;
- reducing the IT budget by £0.3m following the modernisation of our infrastructure and systems; and
- lower cost delivery models for research, IT projects, learning and development, recruitment and reducing our travel costs.

In order to build on the success of our recent IT development work further funding will be essential, and will allow us to digitise our offering and continue to improve our customer service. Capital expenditure of £0.25m in 2019-20 will cover:

- developing a new website platform to enable digital services;
- enhancements to our case management system delayed from 2018-19 due to a mandatory Microsoft upgrade; and
- ongoing investment in maintaining our infrastructure and refreshing computers used by our staff.

We have constructed this budget and business plan on the assumptions that:

- we will resolve between 7,000 and 7,800 cases – with our current estimate around 7,400;
- our initial estimate of core “demand” for our legal jurisdiction is forecast in the range of 7,200 cases to 7,800 cases accepted for investigation, with a central assumption of 7,200, broken down into 10% high complexity (720 cases), 45% medium (3,240 cases) and 45% low (3,240 cases);
- volume estimates and related unit cost may change before the final business plan, due to the effect of external policy drivers, such as recent regulatory changes introduced by the SRA (signposting and unregulated providers), and implementation of new business processes which are still bedding in; staff turnover and levels of experience also materially impact assumptions about throughput; and
- our CMC jurisdiction will transfer to FOS as scheduled on 1 April 2019 (any delay would see a separate budget approved for short-term maintenance of CMC work may reduce overheads for the legal jurisdiction).

External KPIs

The new KPI framework introduced from April 2018 has worked well. In 2019-20 we are retaining the same KPIs but are setting more stretching timeliness KPIs as we will have cleared the opening legacy cases during 2018-19.

Objective	Measure		KPI
Customer experience and quality			
Ensure no undue delays in progressing cases	% cases in new case management system concluded within target for that category of case (based on cases concluded in period) <i>The timeliness KPI targets may be adjusted should resource/demand change above 5%</i>	Low	65% within 90 days; 90% within 180 days; 99% within 365 days
		Medium	40% within 90 days; 85% within 180 days; 95% within 365 days
		High	0% within 90 days; 33% within 180 days; 95% within 365 days
		All	45% within 90 days; 78% within 180 days; 95% within 365 days
Deliver against customer service principles	% customer satisfaction with service at the end of the process (those satisfied with outcome)	Complainant	>85%
		Service provider	>85%
	% customer satisfaction with service at the end of the process (those dissatisfied with outcome)	Complainant	>15%
		Service provider	>15%
Improve our quality	Number and % of service complaints upheld at final stage (Stage 1, 2, 3)		No target – trend
Reputation and raising professional standards			
Sharing insight	% of stakeholders agreeing that LeO provides value-adding insight		No target – baseline in 2018-19
Advocacy and reputation	Advocacy: % of customers satisfied with their outcome who would speak highly of LeO	Complainant	80%
		Service provider	80%
	Advocacy: % of customers dissatisfied with their outcome who would speak highly of LeO	Complainant	10%
		Service provider	10%
Efficiency and resilience			
Efficient and effective resource management	Unit cost per case – <i>net of estates income and gross costs</i>	Overall (all complexities)	£1,663
People, leadership and culture			
Recruit and retain the right staff	Quarterly and rolling turnover rate		<18%
	Average days per employee lost to sickness	All	Below CIPD average
	Civil service and Pulse engagement index		>60%

Strategic risks

LeO operates within a system of Strategic Risks that are overseen by the OLC, and a series of Corporate Risks overseen by its Management Team. Below this each area of the business maintains operational risks and each programme or project maintains programme and project risks.

The current strategic risks are:

Strategic risk	Description
Reputation and credibility	The credibility of the scheme is of paramount importance. Everything the organisation and its people does should build and maintain trust and confidence in the Legal Ombudsman scheme. An open risk appetite reflects the need to accept risk to drive significant improvement in performance
Impact, innovation and responding to changing expectations	Innovative approaches actively pursued and challenge current working practices and maximise the value delivered by the scheme and insights shared. In a rapidly changing external environment, our risk appetite has increased to reflect both the opportunities it presents and the risks inherent in seeking to exploit them.
Demand	We are open to innovative approaches to managing changes in demand but only where there is a high prospect of maintaining short-term performance.
Operational resource	Ensuring sufficient resource and skills to deliver high performance is critical. Our risk appetite is open to allow innovation in people strategies/ways of working in a competitive market with a number of constraints on flexibility.
Organisational capability and governance	We have an ambitious agenda to develop organisational capability through our change programme. This requires innovation and acceptance of well-managed risk and increasing levels of delegation and empowerment to build the culture and behaviours we need to thrive.

Responding to this consultation

Since the start of our current three year strategy we have made significant progress in addressing longstanding challenges delivering acceptable performance, maximising our impact, developing the scheme and modernising the organisation.

Having successfully completed an ambitious modernisation programme, we are in a better position as we enter 2019-20 but do not underestimate the scale of the remaining task to convert our investment into sustained performance.

Section	Consultation questions
Strategic overview	1. Do you agree with our strategic objectives and analysis?
Annual priorities	2. Have we identified the right annual priorities for 2019-20? Are there others we should consider? 3. Does the business plan include the right outcomes and actions to achieve our vision and strategic objectives?
Our budget	4. Do you have any specific comments on our proposed budget for 2019-20, and the high-level assumptions and risks that support our proposed budget?
Performance and KPIs	5. Do you have any comments on the Balanced Scorecard which measures our performance?

Responding the consultation

We are seeking feedback from stakeholders on our 2019-20 business plan and budget. The consultation closes at 12pm on **25 January 2019**. Please send your responses to consultations@legalombudsman.org.uk.

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