

Legal Ombudsman

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# Business Plan 2010

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LEGAL  
OMBUDSMAN

## Introduction

The Office for Legal Complaints (OLC) came into formal existence on the 1 July 2009. At that point, our team had a Chair, Elizabeth France, six Board members, and a budget, but no premises, equipment, processes or procedures. The only member of staff was OLC Chief Executive Adam Sampson. From that start, we were charged with the responsibility of establishing a new Ombudsman scheme for complaints about legal services, with the aim for the scheme to be up and running by the end of 2010; the OLC had decided that the scheme should be called the Legal Ombudsman.

Shortly after the formal inception of the OLC, we published a first statement of our approach to the task, entitled *Towards Establishing the Office for Legal Complaints*. This statement reported on the progress made towards establishing the Ombudsman scheme, and set out the principles by which the OLC was to be guided. *Towards Establishing the Office for Legal Complaints* also offered for discussion a first draft of the rules which would underpin the scheme. A further draft of these rules was then prepared as part of the formal consultation process which the OLC must legally undertake before the scheme rules are finalised; this was accompanied by a formal consultation about the case fee architecture which will underpin the scheme.

While *Towards Establishing the Office for Legal Complaints* gave some indication about the OLC's approach to its mission, it was intended as a general statement of principles, and therefore contained relatively little information about our team's precise plans. This Business Plan, therefore, is designed to set out in greater detail the way the OLC will work over the coming months, including the financial aspects of our operation, the risks we foresee, and the key indicators of success in carrying out our task. Following consultation with the profession and key stakeholders some revisions have been made to the business plan for the Legal Ombudsman. The information included has also been updated to reflect progress made during the consultation period towards establishing the Ombudsman scheme.

The Business Plan does not attempt to extend far beyond the date on which the scheme will go live; the period covered ends on 31 March 2011. There are many reasons for this. First, while we have some information about the level of demand on the existing complaints handlers and the measures of their performance, the data which they collect are very difficult to compare. Moreover, since the experience of other new Ombudsman schemes has been to see a significant increase in the number of complaints, we cannot with any certainty predict the level of demand we shall face. Second, only after we have finalised the details of when and how responsibility for complaints handling pass

from the existing providers to the Legal Ombudsman will we be able to understand the rate at which we will take on cases once we have gone live. Finally, in financial terms, we are required to account separately for our set-up budget from our steady-state funding.

Nevertheless, we are committed to demonstrating the efficiency and cost-effectiveness of our work in steady-state as well as during set-up. We will therefore be consulting on a Business Plan in 12 months' time to cover the first full year of operation of the new Ombudsman scheme, which will include a full set of suggested performance indicators for steady-state operation. We will also be working with the Legal Services Board during the next 12 months to agree service standards by which the new scheme will operate and the targets by which our performance should be judged.

### **Key Assumptions**

When engaged in planning for a start-up – and the Legal Ombudsman is largely a start-up – it is important to be realistic about the limitations of knowledge. In any start-up, much can change at any time, and planning what is to come over the coming months has considerable difficulties.

In the Business Plan, we have therefore had to make a number of assumptions. First, despite the difficulties in assessing future demand for the Legal Ombudsman, we have had to make some initial predictions of demand in order to be able to plan. We have therefore assumed that there will be a significant uplift in the number of complaints the new scheme will receive compared with our predecessor schemes. This is in line with the experience of other Ombudsman schemes, where the publicity attending the creation of a new scheme and the increase in awareness and consumer confidence that results has led to more complaints being raised by consumers about poor service they have received. In some cases, this uplift was immediate; in others, demand increased significantly over a three-five year period. Nevertheless, there is a risk that demand may exceed what we have allowed for; if this happens, this will have significant consequences for our overall financial and performance forecasting.

Similarly, we have assumed that, with the use of new technology and a streamlined complaints handling process, it will be possible to achieve significant improvements in the time taken to resolve complaints without sacrificing the quality of the service given to complainants and lawyers.

Finally, we have assumed that only a minority of initial contacts eventually result in a final Ombudsman's decision; again, this is in line with the experience of other Ombudsman schemes which have learned that most complaints are settled informally, at an earlier stage in the process, or withdrawn during the course of the Ombudsman's work. These assumptions underpin our decision-making in relation to business process, IT, property and workforce. Again, these assumptions will be tested once the scheme begins work.

We have also made some assumptions about the timing and style of the cessation of complaints handling activities by the existing complaints handlers and the assumption of responsibility for resolving legal complaints by the Legal Ombudsman. There are very real complexities in planning how the current responsibilities can be satisfactorily discharged by the existing entities, particularly the Legal Complaints Service and the Legal Services Ombudsman, without risking detriment to consumers, and in such a way as helps the orderly recruitment of employees to the Legal Ombudsman, and the effective winding down of these organisations. In recent correspondence, Ministers have indicated clearly how they believe this should be effected and in this Plan we have made some assumptions about how the principles endorsed by Ministers will be implemented in so far as they relate to the populating process for the Legal Ombudsman but there will clearly need to be some flexibility built into our plans in order to adapt to changing circumstances.

Finally, in our timetabling of activities, we have made some assumptions about the time taken to procure and deploy an IT system, premises and facilities, and to recruit, train and deploy employees. These assumptions are based on industry experience and could, like in any other projects of this sort, be subject to change. There are, in the case of the OLC, also a key set of assumptions about our interaction with the Government, which is charged with the responsibility for agreeing key items of spend; delays here could seriously affect our timetabling. More particularly, we have also factored into our timetabling assumptions about the political timelines, particularly the timing of the general election, changes in which could substantially change the date at which enabling legislation could pass through Parliament.

Nevertheless, we believe that the broad outline of what is proposed in our plans is deliverable. The mission we have been given is too important for us to allow ourselves to fail.

## Approach to Planning

The business of establishing the Legal Ombudsman is a complex one. The scheme rules have to be approved, the complaints handling processes specified, an IT system procured, a building leased and adapted, demand for our services modelled, employee roles and structures identified, and employees recruited, trained and deployed. Finally, our relationships with our key partners have to be defined, methods of negotiating the handover of complaints handling from the existing entities to the Legal Ombudsman have to be developed, and both consumers and the legal profession need to be properly informed of the Legal Ombudsman's existence.

All these activities have to be carried out by the end of 2010. Many of them are interdependent: changing one aspect of the project will require changes to others. The complexity of the work demands that we break our plans down into defined workstreams, each with its own key milestones, risks and deliverables. This Business Plan mirrors the pattern of the workstream structures.

## Risk Management

The Ombudsman scheme is a start-up and, as such, inherently risky. Both the OLC Board and the Executive place a great deal of emphasis on risk identification and management. Each of the workstreams contains a list of identified risks and mitigation actions.

The key risks attached to the project are:

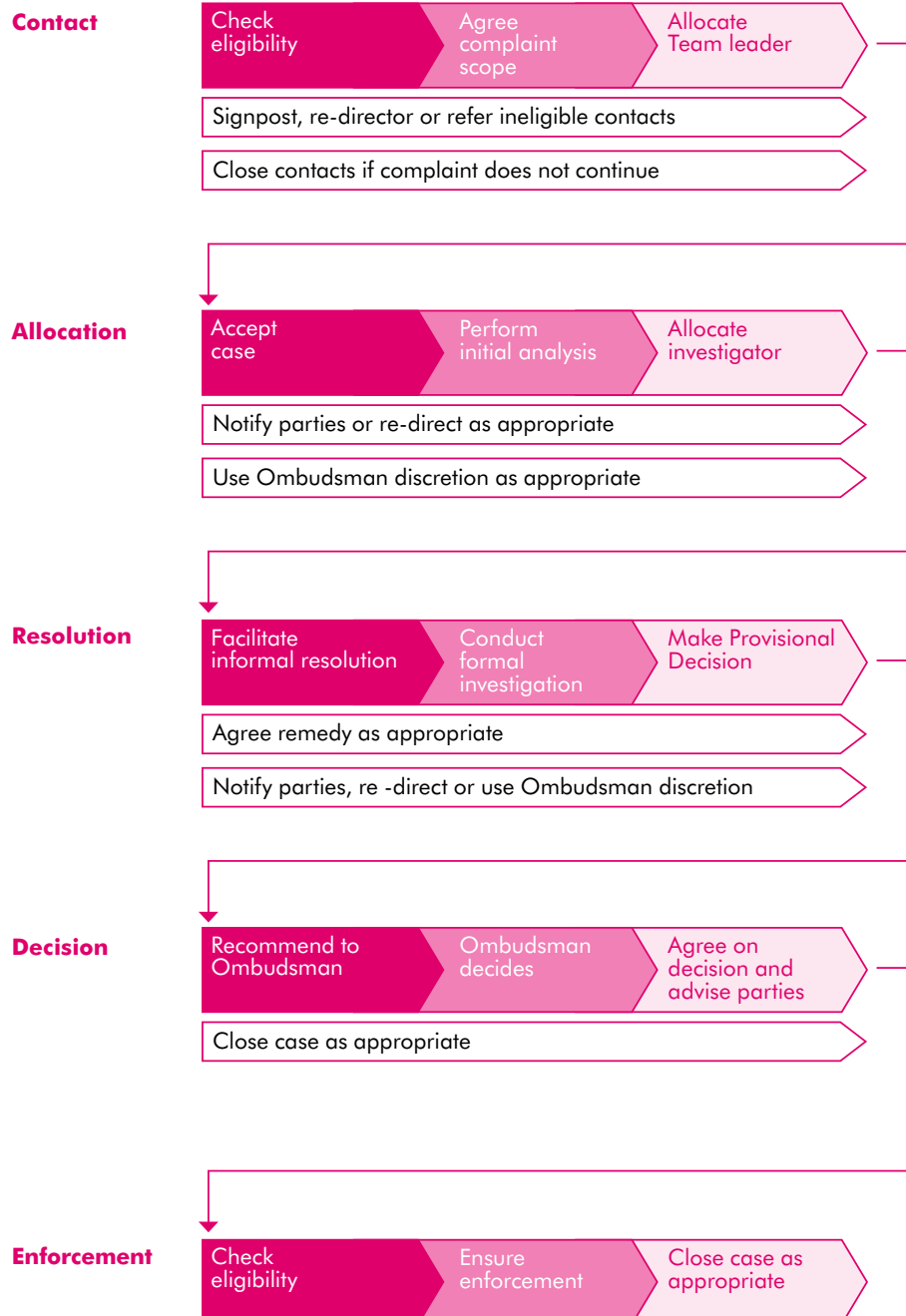
- **Delay.** The timescale for the Legal Ombudsman to be fully operational is not lavish and this timescale could be put at risk by one of a number of variables. Thus, for example, slippage in the IT or premises programmes would pose considerable problems for the project as a whole, and any delays in the passage of the necessary secondary legislation through Parliament occasioned by changes in the political environment would create huge difficulties. There are also a number of key risks surrounding the process for public sector procurement which will need to be managed.
- **IT Systems and Infrastructure.** The availability and suitability of adequate organisational infrastructure is a critical risk. Design, procurement and implementation of reliable and robust IT systems which support the Legal Ombudsman scheme's business processes might not be delivered on time and to budget. Procurement and fit out of appropriate premises for its operations could similarly fail.

- **Staffing.** The success of the scheme will be dependent upon the Legal Ombudsman being able to recruit, train and deploy adequate numbers of appropriately skilled and motivated employees by the go-live date. The number of these employees will have to be sufficient to manage the workload expected and to deal thereafter with potentially increased business volumes. The issue of the extent to which these employees are drawn from existing complaints handlers also needs final resolution, a process which continues to be problematic and could lead to additional delay and cost.
- **Finance.** The programme has a fixed budget which has to cover the cost of the start up of the scheme. There is a risk that this budget proves to be insufficient or that subsequent operations are not delivered within the financial resources of the OLC. In this, the key variable will be the level of demand faced by the scheme, itself a result largely of practice within the profession and any unplanned increases in employee costs, such as redundancy payments. The principal risks are regularly reviewed by executive, the Audit and Risk Committee and the Board; supported by appropriate management information which gives early warning of departures from the Business Plan. Each of the principal risks is the responsibility of members of the implementation team under the overall direction of the Chief Ombudsman. Individual risk mitigation plans have been developed and will be reviewed regularly so that the executive and Board can agree remedial action promptly in the event that departures from the Business Plan are identified.

## **Business Process**

The key underpinning for the new scheme will be the rules by which it operates. However, these rules need to be turned into a specific and mapped-out complaints handling process. In our earlier publication, *Towards Establishing the Office for Legal Complaints*, we have set out the principles which will guide our approach to handling complaints. Having reviewed in some detail the manner in which other Ombudsman schemes approach their work (the Legal Services Act enjoins the OLC to pay due regard to best practice in the operation of such schemes), we have fixed on the simple, five-stage process set out below.

## High level OLC Business Process



We have now developed the key features for each of the five stages:

- **Contact.** Key tasks involved in this stage of the process involve checking the eligibility of the complaint, signposting ineligible complainants to suitable avenues of redress, and agreeing the complaint scope and the complainant's preferred remedy. This will be done by assessment centre employees, in consultation with an Ombudsman as necessary.
- **Allocation.** Once the complaint has been assessed as eligible and the scope identified, the case will be passed to a team leader who will confirm eligibility, accept the case and allocate it to an employee in the resolution centre. An initial analysis will also be carried out to ensure that any unique or complex issues are identified which require particular adaptations in the way the case is handled, such as liaison with approved regulators over issues relating to professional conduct.
- **Resolution.** Once allocated, cases will be dealt with by Legal Ombudsman investigation employees. The key objective during this stage of the process will be to facilitate informal settlement between the two parties wherever possible. In some cases, this may require making use of mediation techniques. In the event of informal resolution being impossible, the investigator will prepare a report of findings and recommend a solution. In the event of this solution being rejected by either party, the case will be forwarded to an Ombudsman.
- **Decision.** Formal decisions will only be taken by members of the Ombudsman team. Under the terms of the legislation, these decisions are binding with consumer agreement and not subject to further appeal (save via judicial review). It is expected that only a minority of cases will go to an Ombudsman decision.
- **Enforcement.** The Ombudsman scheme will also need to ensure enforcement. Under the terms of the Act, the Ombudsman has the power to enforce redress through the courts, and to involve the authorised regulators where a lawyer has failed to provide redress. It is hoped that use of these powers will rarely be necessary.

These principles are now being turned into a more detailed business process, supported by the necessary process maps and supporting written material. We are also working with the LSB, the approved regulators and the legal profession to establish key standards to govern the first-stage handling of complaints by legal firms, barristers' chambers and other lawyers. A common standard in this area is a necessary pre-requisite for the successful operation of the Ombudsman scheme.

We are in the process of agreeing memoranda of understanding with each of the approved regulators and other key stakeholders such as the Legal Services Board in order to permit the exchange of information, in order to facilitate referrals in cases of misconduct and to enable the regulators to supply the Legal Ombudsman with information critical to the resolution of cases.

The following table sets out the key deliverables, timeframes, risks and critical success factors for this workstream:

Workstream: Business process	
Design a simple business process that supports efficient dispute resolution, meets our obligations under the Legal Services Act, and helps us to produce outcomes that our customers (lawyers and the people who use their services) are satisfied with and that give them confidence in our service.	
Key deliverables	Critical success factors
<ul style="list-style-type: none"> <li>• High level design of business process</li> <li>• Validated detailed business process maps</li> <li>• Operating procedures and manual</li> <li>• Standard letters and documents linked to trigger points</li> <li>• Interface and information exchange with regulators defined</li> <li>• Agreed parameters for interchange of information with stakeholders</li> <li>• Key performance indicators identified for each process stage</li> <li>• Training materials created and training approach agreed</li> </ul>	<ul style="list-style-type: none"> <li>• Business process tested on real / historic case data</li> <li>• Access to external expertise to test assumptions</li> <li>• Good knowledge of Ombudsman best practice</li> <li>• Good knowledge of complaints handling procedures</li> <li>• KPIs support the efficient flow of work</li> <li>• Clear process owner within the Legal Ombudsman</li> <li>• Clear process for agreeing changes</li> <li>• Agreed first-stage complaints handling standards</li> </ul>
Milestones	Timing
Design high level business process	1 July 09 (complete)
Interim Ombudsman resource available	End Aug 09 (complete)
Validation of business process	End Oct 09 (complete)
IT requirements developed	End Oct 09 (complete)
Feedback from consultation incorporated	End Dec 09 (complete)
Agreed information sharing with ARs	End Dec 09
Procedures documented	Q1 2010
Training developed	Q2 2010
Business Process effectiveness review	Q4 2010 / Q1 2011
Risks	Risk mitigations
1. Lack of suitable IT applications available leads to re-design of business process to fit IT system.	Prepare to be flexible for the benefit of having a largely packaged solution. Prioritise any necessary customisation and agree with IT how to deliver this in phases with the most critical first.
2. Links to approved regulators; ability to articulate clearly and agree data exchange requirements.	Define minimum data requirements and jointly agree approach to creation and ownership of data-bases.
3. Level of information required by regulators overwhelms our process and interferes with our ability to resolve disputes and provide redress.	Design transparency into data systems. Agree information sharing protocols with stakeholders.
4. Volumes of contacts and disputes are based on existing services and may not reflect volumes the new scheme will attract.	Get best data from stakeholders. Design process and organisation based on testing against a range of scenarios.

## **IT and telecoms**

We plan to make use of the most up-to-date technology to support our work: to enable us to work as efficiently as possible, to incorporate best practice from other ombudsman schemes, to support flexible working practices, and to minimise the wasteful use of paper. We also wish to future-proof the organisation, ensuring that we anticipate the way in which the use of technology will develop, and allowing for those who use our service increasingly to be able to access our services remotely and interactively.

A key element in the setting-up of the organisation, therefore, will be the design and implementation of a first-rate IT system. In approaching this task, we are acutely aware that there is a well-known history of large IT projects not delivering to time and quality. We are therefore paying particular attention to the management of the IT workstream, and have already spent a considerable period researching the way in which other similar schemes have approached the task. We are also conscious both of the limited time we have available if we are to meet our ambition of being up and running before the end of 2010, and of our responsibility to the legal profession, which ultimately funds our work, not to waste money on over-complex systems.

Rather than aim to create a bespoke system, we therefore aim to purchase one of the packaged systems which are commonly in use in other, similar schemes, adapting it for our own purposes. We will also need to consider how our core complaints handling scheme interacts with other IT management tools, such as finance, HR and knowledge management systems. In procuring such a system, we also need to ensure that we adhere to the standards of procurement required by Government of Non-Departmental Public Bodies, and we will therefore be working closely with colleagues from our sponsor Department, the Ministry of Justice.

The following table sets out the key deliverables, timeframes, risks and critical success factors for this workstream:

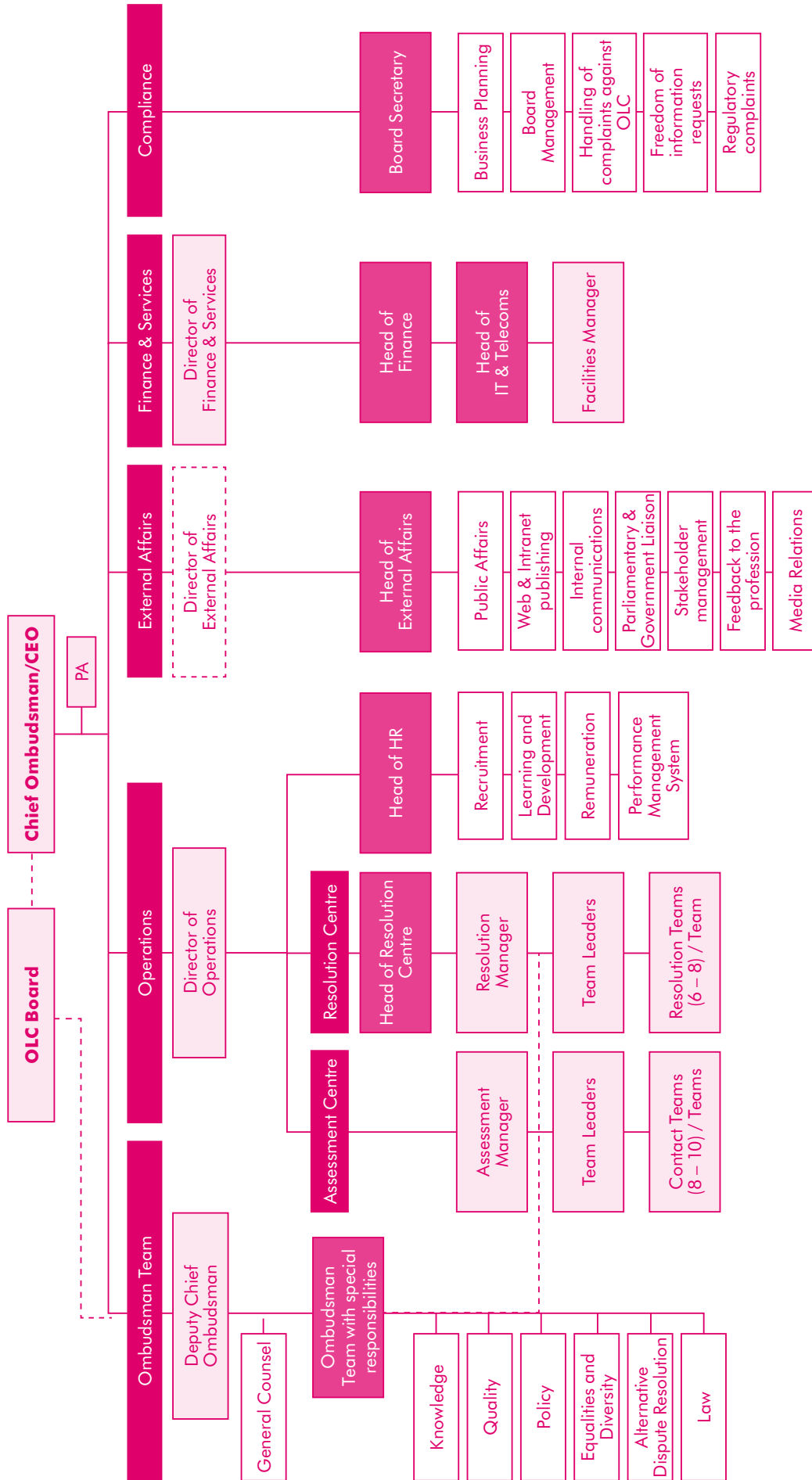
Workstream: IT and telecoms	
Put in place a robust and secure IT and communications infrastructure which supports the delivery of fast efficient services by the Legal Ombudsman. Systems that are scaled to grow and adapt to changing needs. Systems which support an environment that is as nearly paperless as possible. Systems that support the culture and ethos as flexibly as possible; ideally based on packaged solutions.	
Key deliverables	Critical success factors
<ul style="list-style-type: none"> <li>• Clear IT and communications strategy and architecture for the organisation</li> <li>• Clear design, build and implementation plan, identifying key resources, costs, critical paths and risks</li> <li>• Identify and procure the elements of the overall packages</li> <li>• Ensure effective delivery in time to meet the key dates</li> <li>• Ensure resources to support the ongoing operation are in place</li> <li>• Design and procure IT support services</li> <li>• Tested business continuity procedures and infrastructure</li> </ul>	<ul style="list-style-type: none"> <li>• MoJ co-operation in IT procurement</li> <li>• Clarity on protocols during the procurement process</li> <li>• Ability to retain specialist resources to deliver the workstream</li> <li>• Availability of suppliers to support the implementation in the timeframe</li> <li>• Ability to tweak the business process to fit more closely to a packaged solution</li> <li>• Access to users at all stages</li> <li>• User sign off at each stage</li> <li>• Co-ordination with fit-out of premises</li> </ul>
Milestones	Timing
Develop IT business case for procurement	End July (complete)
IT specification signed off	End Oct 09 (complete)
IT Project Team in Place	End Oct 09 (complete)
Possible IT suppliers identified	End Nov 09 (complete)
Procurement approval obtained	Feb 09
IT permanent team in place	Q2 09
Key front-end systems available for testing	Q2 10
Key front-end system sign off	Q2 10
System populated	Q3 10
System available for employee training	Q3 10
Back-end and support systems delivery	Q3 10
Phase 2 Systems available	Q4 10
Risks	Risk mitigations
1. Lack of suitable IT applications available.	Prepare to make some compromises for the benefit of having a largely packaged solution. Prioritise any necessary customisation and agree how to deliver this in phases with the most critical first.
2. Lack of response from the market to OLC approaches via public sector procurement routes.	Work closely with procurement specialists in MoJ and in central government departments.
3. Links to approved regulators; ability to articulate clearly and agree data exchange requirements.	Define minimum data requirements and jointly agree approach to creation and ownership of data-bases.
4. Normal implementation period exceeds planning window.	Keep critical path and lead times under continual review.
5. Procurement is delayed by MoJ approvals.	Keep MoJ involved and informed and ensure permissions and process is clear.
6. Implementation is delayed.	Unquantifiable risk at this time.

## People

The key determinant of the success of the new scheme will be the quality of the people we recruit and the way in which those people are trained, deployed and managed. From our knowledge of other Ombudsman schemes, it is the commitment, motivation, skills and organisation of employees which dictate performance and user satisfaction. Getting our human resources policies and practices right is therefore essential.

Over the past few months, we have been carrying out some initial modelling of the possible levels of demand for the new scheme and of the number of employees who would be required to meet that demand, based on an analysis of the levels of productivity achieved by other, similar schemes, and on assumed productivity gains due to technology and process improvements. We have also decided upon a high level organisational structure, again based upon an analysis of what works in similar schemes.

The following table indicates, at a high level, the number of employees who will be required and the overall structure into which they will be integrated:



Recruiting, training and deploying the equivalent of between 300 and 350 full-time equivalent employees between now and the end of 2010 will be a complex task. We are fortunate, however, in the fact there are a number of existing organisations which currently handle complaints about legal services; while the work we will do will be very different in status and style and the structures and HR systems will also be different, these organisations may provide a pool of experienced people from which we may be able to draw for a number of our future employees. Ministers have now announced the principles which will apply to the recruitment of employees from existing complaints handlers. We will need to work with the individual organisations to apply these in practice.

Following the recruitment of the Deputy Chief Ombudsman, the decision was made to appoint six Ombudsmen. All Ombudsmen will operate as equals as far as their exercise of their statutory responsibility for deciding on complaints is concerned. However, they will also be expected to oversee the delivery of at least one discrete area of cross-cutting strategic management responsibility both in set-up and steady state. Examples include: quality; knowledge management; equality, diversity and accessibility; alternative dispute resolution; policy; and law. In most cases, this will include direct responsibility for line management of employees. They will be held directly accountable to the Chief Ombudsman for the delivery of these responsibilities.

However, the people workstream is not merely about those who will be employees of the organisation when it finally begins its work. The design, planning and implementation phase of our work will require a different set of skills and people, the majority of them temporary, with a different relationship to the organisation. Many of these people will be contractors rather than employees. As well as planning for the recruitment and deployment of the permanent staff team, we need to plan for the recruitment and deployment of these interim employees, a task which is in many ways equally complex.

The following table sets out our timetable for populating both the interim team and the new organisation, together with the key activities, risks and critical success factors:

Workstream: People	
Define and realise the culture and ethos of the new scheme that will support the delivery of services that best meet the needs of the profession and consumers alike. To establish a people strategy and delivery solutions for the Legal Ombudsman that meet its business and cultural needs.	
Key deliverables	Critical success factors
<ul style="list-style-type: none"> <li>• Approach to employees in existing complaints-handlers resolved</li> <li>• Staffing of organisation resolved and implemented</li> <li>• Complete remuneration and benefits package designed and implemented</li> <li>• HR policies and procedures in place</li> <li>• Staff consultation approach agreed and implemented</li> <li>• Ongoing HR function designed and implemented</li> <li>• HR systems requirements defined and user sign off ensured</li> </ul>	<ul style="list-style-type: none"> <li>• Early appointment of HR leader and team</li> <li>• Ownership and leadership from CEO and senior team</li> <li>• Solid output from vision, culture and values work</li> <li>• Principle that HR work is integral</li> <li>• Proper engagement with Remuneration Committee</li> <li>• Sign off from HR employees at all stages of IT development</li> <li>• General engagement of Legal Ombudsman management as they are recruited</li> </ul>
Milestones	Timing
Appoint Chief Ombudsman	Mid May 09 (complete)
Design and scale organisation	End July 09 (complete)
Recruit HR services provider	Mid Sept 09 (complete)
Appoint HR Leader	Oct 09 (complete)
Sign off HR strategy and policies	Dec 09 (complete)
Specify HR IT requirements	Feb 10
Start Finance and Services recruitment	Q1 10
Appoint Ombudsman team	Q1 10 (complete)
Appoint senior team	Q1 10
Appoint team leaders	Q2 10
Appoint contact centre team	Q3 10
Appoint resolution team (wave 1)	Q3 10
Appoint resolution team wave 2 and 3	Q4 10, Q1 11
Full employees complement in place	End Q1 11
Risks	Risk mitigations
1. Lack of resources causes delay to programme.	Early recruitment of key employees.
2. Volume of HR activity overwhelms implementation team.	Recruit HR services support for duration of set-up to provide sufficient resource and expertise.
3. Issues with existing providers prevent the Legal Ombudsman from realising a new culture and working practice.	Understand full legal position. Work with other stakeholders to agree process of implementing principles agreed by Ministers.

## Knowledge Management and Quality

While people will be key to the success of the new scheme, knowledge will be its most important commodity. It will clearly be vital that employees of the new scheme work efficiently to resolve disputes as quickly and effectively as possible. But efficiency needs to be balanced with quality: if the quality of the decision-making does not match the slickness of complaint handling, and if findings are unsound and remedies vary, the new scheme will fail to gain the confidence of consumers and the legal profession.

The new scheme must therefore be built upon a solid foundation of knowledge and high-quality decision-making. Employees recruited into the organisation will need to be provided with training in the policies and practices of the new scheme, the principles of good Ombudsman work and sufficient knowledge about what can be expected of good legal service to ensure that they are able to judge whether or not complaints are well founded. Work will need to be done to consider how the Ombudsman scheme employees will use the powers given to the Ombudsman under the Act. In some cases this will mean the imposition of a remedy up to the level of £30,000. Finally, systems will need to be developed to ensure that everything learnt from the first cases considered can be used to inform both the Ombudsman employees and the wider community (as part of an ongoing process) about what complainants and lawyers can expect from the scheme.

Creating this bank of knowledge and the linked knowledge management and quality control systems will not be easy. While the fact that there are organisations which currently handle complaints about legal services is useful, these organisations work on different legal bases and have a different approach to the one we intend to take, so the extent of the transferability of their knowledge is limited. Nevertheless, their experience will undoubtedly be useful, as will the knowledge of other Ombudsman schemes working in comparable areas of practice. We cannot expect to start work with a full bank of knowledge; that will only come over time.

Nevertheless, we believe that the following activities will enable us to prepare ourselves as well as is possible:

Workstream: Knowledge Management and Quality	
Establish the Legal Ombudsman as a credible new player in the sector, both in the legal services market and in the Ombudsman world. A dispute resolution process supported by high quality, easy to use, relevant information that is easy to access when it is needed. A culture is built within the organisation that encourages and rewards use of and contribution to knowledge and expects high quality in all aspects of the work.	
Key deliverables	Critical success factors
<ul style="list-style-type: none"> <li>• Policies developed that support the dispute resolution process</li> <li>• Knowledge management system including guidance, intranet, training</li> <li>• Objective Quality Assurance system – manuals, training, measures</li> <li>• Training programme created</li> </ul>	<ul style="list-style-type: none"> <li>• Access to real cases and best of breed from other organisations</li> <li>• IT supports easy access to knowledge Management and Quality Assurance</li> <li>• Consistency in Ombudsman decisions</li> <li>• Coordination with external relations activities</li> <li>• Close liaison with HR – training lead</li> </ul>
Milestones	Timing
Scheme rules drafted	1 July 09 (complete)
Develop quality standards and framework	Oct 09 (complete)
Develop employees guide based on business process and quality framework	End Q1 10
Develop KM framework	Jan 10 (complete)
Develop relevant policies to guide complaints handling	Q1 / 2 10
Knowledge systems populated	Q3 10
Training programme developed	End Q2
Training delivered	Q3
Risks	Risk mitigations
1. The Legal Ombudsman does not anticipate and respond to changes in the market or pick up trends which could affect numbers of complaints and how we handle them.	Ongoing dialogue with stakeholders. Closely monitor trends.

## Premises

Along with IT and telecoms, the major infrastructure project which we will have to ensure is delivered to time, quality and budget is premises. For the first few months of its existence, the OLC did not have its own premises, operating instead out of the office of the Legal Services Board (for whose kindness we are very grateful). During the passage of the Legal Services Act, Ministers made a commitment that the OLC would develop an Ombudsman scheme based in the West Midlands. Over the past few months, we have therefore been researching the property market in that part of the country, and we have been considering the criteria on which we will base our selection of our premises. We have also moved into temporary offices in the region while we finalise our plans to acquire our permanent base.

In approaching this task, we have been driven both by practical considerations and by our own idea of the values and culture which we consider should underpin the organisation. It will be essential for our premises to provide a decent working environment in order to attract and retain employees, some of which will be drawn from existing complaints handlers, while others will be recruited from the local employment pool. We also need a layout which promotes an informal, consultative but vibrant culture. Finally, we intend to prioritise premises which signal our commitment to environmental protection. So, for example, we are looking to locate ourselves in a city centre close to easy public transport, rather than in a business park, which would encourage commuting by car. Applying these criteria to the available property market has led us currently to concentrate on premises close to the centre of Birmingham.

As with the IT workstream, our approach to the acquisition of premises will need to take account of the clear risks inherent in such a task, and will need to balance speed and cost with our wider organisational aspirations. We also need to ensure that our procurement approach is in line with our status as a Non-Departmental Public Body spending money which is classified as public expenditure (albeit money which ultimately is recovered from the legal profession), and the particular needs of the Ministry of Justice (under the Act, the consent of the Lord Chancellor is required for any premises which we take). We have now identified a preferred building and are nearing the completion of the technical arrangements for its acquisition. Ministers will shortly be invited to approve our plans.

Our plans to acquire and fit-out premises are summarised in the following table:

Workstream: Premises	
Provide a modern working environment, permit open plan working and allow for growth. Play a role in forming the culture and ethos of the service. Support a significant IT and communications infrastructure. Find a base in the Midlands within commuting distance of centres from which employees can be drawn. Project the right image for the Legal Ombudsman.	
Key deliverables	Critical success factors
<ul style="list-style-type: none"> <li>• Clear real estate strategy for the OLC which meets its current and future needs</li> <li>• Agree a location for the Ombudsman service which meets key criteria</li> <li>• Identify and procure a building</li> <li>• Ensure building fit-out is carried out to support the business plan</li> <li>• Design and procure facilities support services to support the business</li> <li>• Establish ongoing facilities team</li> </ul>	<ul style="list-style-type: none"> <li>• MoJ co-operation from Estates and Procurement teams</li> <li>• Clarity on employees numbers and nature of environment required</li> <li>• Ability to retain specialist resources to deliver the workstream</li> <li>• Availability of suppliers to support the implementation timeframe</li> <li>• User sign off to the specifications and plans</li> <li>• Coordination with IT</li> </ul>
Milestones	Timing
Agree property criteria	July 09 (complete)
Shortlist buildings	Mid Aug 09 (complete)
Negotiations complete	Nov 09 (complete)
Move into temporary offices in West Mids	Nov 09 (complete)
Lord Chancellor's approval	Jan 10
Appoint fit-out contractor	Jan 10
Facilities management team in place	Q1 10
Building ready for occupation	Q2 10
Risks	Risk mitigations
1. Market conditions change.	Monitor market signal in the region.
2. Legal delays.	Careful monitoring of plan and critical path to flag issues.
3. Fit-out delays.	Careful monitoring of plan and critical path to flag issues.

## Transition Planning

It will be particularly important to ensure that, in the handover of responsibility for resolving legal complaints from the existing entities to the new Ombudsman scheme and the close down of existing complaints handling arrangements neither consumers nor lawyers suffer any detriment. It will also be necessary to manage the process as efficiently and transparently as possible for the sake of the employees concerned, and in order to minimise unnecessary cost.

The new scheme will operate on a very different basis from the existing schemes run directly by approved regulators, which in turn differ from each other. It would not therefore be right for the new Ombudsman scheme to take over work which has been started by other complaints handlers. That means that, however the transitional arrangements are organised, it is possible that there will be a period when the Legal Ombudsman has started work, but the existing schemes have not yet closed. Over the past few months, we have been working closely with our partner organisations to devise a transition mechanism which avoids confusion and cost as much as possible. While it has not been possible to agree on all the details, the outline of transitional arrangements is now clear and has been endorsed by Ministers and the Ministry of Justice. We have consulted stakeholders about these arrangements and hope to be in a position to finalise them in the early weeks of 2010. Nevertheless, it will be necessary to work hard over the months thereafter to establish the details behind the principles which have been agreed.

Our plans in this area are summarised below:

Workstream: Transition Planning	
An agreed approach to managing the transition from current arrangements between the OLC, MoJ and current complaints handling organisations that will ensure a successful start-up for the Legal Ombudsman scheme in time and with the required resource and expertise.	
Key deliverables	Critical success factors
<ul style="list-style-type: none"> <li>• Agreed proposal and timings</li> <li>• Details for inclusion in OLC commencement orders</li> <li>• HR strategy for recruitment of employees</li> <li>• Communications strategy</li> </ul>	<ul style="list-style-type: none"> <li>• Constructive engagement with stakeholders involved in complaints handling</li> <li>• Ministerial acceptance of outcomes of consultation</li> <li>• Outcome must support the aims of the Act and increase the confidence in arrangements</li> <li>• Affordable for legal profession, OLC and Government</li> <li>• Agreement gained quickly so approach is certain</li> </ul>
Milestones	Timing
Conclude discussions	Dec 09 (complete)
Ministerial endorsement	Dec 09 (complete)
Consultation on details	Dec 09
Start implementation	(Q1 10)
Implementation complete	(Q4 10)
Risks	Risk mitigations
1. Risk to Legal Ombudsman reputation if start up is muddied by consumer detriment during the wind-down of existing arrangements.	Discussions with existing providers and MoJ about options for managing the transition, aim to reach agreement as quickly as possible to bring certainty to the situation.
2. Recruitment plan for Legal Ombudsman not clear until transition arrangements are agreed, could also have budget consequences.	Seek HR advice to feed into discussions with existing complaints handlers and MoJ.
3. Campaigns about costs over the transition which impact on reputation / credibility with the profession.	Prepare joint communications strategy with MoJ and ensure stakeholder opportunity to input into decisions.

## External Affairs and Communications

When the new scheme is launched, it is not enough for it to be ready to receive complaints: people need to know that it exists, what service it offers, and who can make use of the scheme and when. Moreover, even before the scheme launches, we will want to have engaged both the legal profession and their customers in discussions about our plans, if only to ensure that we are on track to create the sort of service which meets their need. We therefore need to formulate a good quality communications plan for the next 12 months and beyond.

The process of consultation with the profession and their customers has already started, and the response so far has been very encouraging. While we do not pretend that we have been successful in engaging all those who will be interested in our work, we are already receiving sufficient feedback on our plans to be confident in the approach we are taking. In this respect, therefore, our communications plan for the future will build on what has gone before.

Launching the new scheme will be a more complex process. Timing will be important: communicating its creation too early risks encouraging premature complaints and disappointing many complainants. Leaving it too late, on the other hand, risks allowing the existing providers continuing to receive complaints which are no longer their responsibility. Intensity of communication is also an issue: too vigorous communication may raise fears among the profession that the new scheme is seeking to encourage people to complain who would otherwise not have considered doing so; too weak communication may allow injustices to go uncorrected.

Finding the proper avenues for ensuring people are aware of the scheme will also need careful consideration, particularly, if unnecessary expense is to be avoided. Since for a complaint to be eligible for the new scheme, it must first have been raised with the provider of the legal service complained about, the profession itself may prove to be the most important referral point into the Ombudsman service. Together with the Legal Services Board, we will work with the profession to ensure that there are improvements in the way in which complaints are initially handled by lawyers themselves and that the profession signposts dissatisfied complaints to the scheme. Consumer support bodies will also be a key point of referral, particularly for complainants who require support to prepare their complaint. It will therefore be very important that explaining the changes to the legal profession and consumer bodies plays a role in our strategy.

Our plans for the communications workstream are set out below:

Workstream: External affairs and Communications	
Establish the organisation as an important, welcome new initiative and engage consumers, legal practitioners, and potential partners in the design and launch of the organisation in such a way as to maximise the chances of success.	
Key deliverables	Critical success factors
<ul style="list-style-type: none"> <li>• Consultations complete</li> <li>• Commencement order passed</li> <li>• Launch document</li> <li>• Basic Legal Ombudsman communications infrastructure for duration of set-up (website etc.)</li> <li>• Suite of documents to support Ombudsman scheme</li> <li>• Reporting requirements of the Act are met</li> <li>• Simple, attractive brand supported by guides for consistent application</li> <li>• Acceptable level of public awareness of Ombudsman scheme</li> <li>• Stakeholder support for scheme's role</li> <li>• Operable protocols with partners and stakeholders</li> <li>• Quality website acting as primary point of communications to outside world</li> <li>• Communications standard for all internal and external communications</li> <li>• Regular feedback to key stakeholders and wider public on trends and possible solutions</li> </ul>	<ul style="list-style-type: none"> <li>• Sufficient communications resource</li> <li>• Ability to engage stakeholders</li> <li>• Solution to any barrier issues arising</li> <li>• Clarity on business process</li> <li>• Co-ordination with IT rollout</li> </ul>
Milestones	Timing
Launch document published	End July 09 (complete)
OLC Website	End July 09 (complete)
Consultations published	15 Sept 09 (complete)
Consultations complete	Mid Dec 09 (complete)
Ombudsman scheme brand	End Dec 09 (complete)
Information for commencement orders	Jan 10
Scheme rules published	Q1 10
Commencement orders passed	Q1 10
Suite of documents	Q1 10
Start Ombudsman comms to profession	Q2 10
Start Ombudsman go-live awareness	Q3 10
Risks	Risk mitigations
1. Schism with key stakeholders over barrier issues.	Careful discussion and engagement to build alliances with other interest groups.
2. Consumer confusion / premature pressure to resolve complaints.	Soft launch until near go-live date. Careful attention to brand and accessibility.
3. Links are not in place with key organisations to support efficient business process.	Ongoing engagement and joint planning with key stakeholders.
4. Level of information required by regulators overwhelms our process and interferes with our ability to resolve disputes and provide redress.	Design transparency into data systems. Agree information sharing protocols with stakeholders.
5. Legislative congestion due to political circumstances delays passing of commencement orders.	Joint planning for commencement orders timetable with the implementation programme team in the Ministry of Justice.

## Compliance

The OLC is an executive NDPB established under statute. We will also be part of the ombudsman community and wish to conform to standards of good practice set by the British and Irish Ombudsman Association (BIOA) in addition to fulfilling our legislative requirements, for instance in relation to equality issues. One of the key principles for the new scheme is independence, and this is underpinned by structures of good governance. Compliance with the relevant statutory requirements, such as Freedom of Information and Data Protection legislation, will help us deliver excellent customer service and ensure we adhere to high standards in resolving complaints. As an organisation that will look to promote good customer service among the legal profession, we see this area of work as being fundamental to our approach and making sure that what we do is consistent with the standards we will expect of others.

This is an area of work that will build over the course of setting up the new scheme. While our initial priorities are set by legislation, we are keen also to begin to grapple with issues such as our approach to corporate social responsibility and environmental sustainability. The organisation will also seek to give a high priority to issues of accessibility, diversity and equality, and one of the Ombudsmen will be given direct responsibility on leading on this. We will also be looking to work closely in partnership with the Legal Services Consumer Panel.

The table below sets out our approach in some more detail:

Workstream: Compliance	
<p>To ensure that we have in place a good governance framework and fulfil our statutory obligations. To make sure that the new Ombudsman scheme embodies the standards of good practice set by the British and Irish Ombudsman Association (BIOA). This area of work is fundamental to our approach in order to make sure that what we do is consistent with the standards we will expect of others.</p>	
Key deliverables	Critical success factors
<ul style="list-style-type: none"> <li>• Deliver good governance framework</li> <li>• Identify legislative requirements for the Ombudsman scheme and develop and implement required policies and approaches</li> <li>• Reporting requirements of relevant Acts are fulfilled</li> <li>• Identify complete suite of additional compliance requirements</li> <li>• Reporting requirements of internal policies and procedures to the Board</li> <li>• Training programme created and available to employees as part of induction and beyond</li> <li>• With the ombudsman team and Head of HR fulfilling requirements in relation to equality and diversity</li> <li>• With the Head of External Affairs fulfilling obligations for the Welsh language scheme</li> <li>• With HR, making sure statutory requirements are fulfilled e.g. OH&amp;S</li> </ul>	<ul style="list-style-type: none"> <li>• Effective dialogue across the organisation and awareness of importance of statutory obligations</li> <li>• Effective communication of policies and procedures, outlining employee responsibilities, incorporating appropriate training and development plans</li> <li>• Ensuring legislative changes are monitored and the ombudsman scheme responds to any change along with regular reviews of the changing needs of the organisation (e.g. as it approaches steady state and beyond) to ensure that legislative requirements are met</li> <li>• Effective implementation of legislative and compliance requirements within the IT structure</li> <li>• Consistency of approach/interpretation of policies and procedures through regular employee training and development</li> </ul>
Milestones	Timing
Appoint the Board secretary	Complete (December 2009)
Board governance arrangements finalised	Q1 10
Develop and sign off immediate legislative priorities, e.g. Health and Safety, FoI	Q1 10
Develop equalities and diversity Framework	Q1 10
Consumer panel audit of equalities and diversity framework	Q1 10
Develop and sign off internal policies and procedures	Q2 10
Publish Welsh Language scheme	Q2 10
Develop and implement employee training and record retention.	Q3 10
Incorporate compliance requirements within the IT structure	Q3 2010
Risks	Risk mitigations
1. Internal responsibilities blurred causing duplication of effort during implementation or implementation failure.	Effective and ongoing communication of individual responsibilities and progress.
2. Failure to comply with current legislative requirements.	Develop priority list, targeting essential legislative requirements as top priority. Look to good practice to guide approach.
3. Legislative requirements change and these are missed.	Ensure development plans incorporate regular review and follow up that include steady state. Put in place subscriptions to key sources to have an early warning mechanism.
4. Lack of employee awareness of individual responsibilities toward compliance and corporate/business risk.	Effective communication of new policies and procedures coupled with ongoing training and development plans.
5. IT requirements fail to take into consideration legislative requirements.	Ensure IT development incorporates compliance and regulatory requirements.

## Co-ordinating the Workstreams

The above workstreams will clearly need not just to be delivered individually, but to be kept closely aligned. Changes to the transition planning, for example, could delay or bring forward the start of the new scheme, requiring changes in the recruitment and deployment of employees, the timing of the delivery of the IT and premises, and so on. Changes to the business processes could have even wider ramifications.

A great deal of emphasis will therefore be placed on programme management and ensuring that the interdependencies between the workstreams are mapped and managed. As a starting point, an overall programme plan has been created, giving a sense of the way the workstreams interact, and of the overall timing of activities over the next 12 to 18 months. The programme plan is attached as Annex A to this Business Plan

It is, perhaps, worth repeating that these timescales cannot be taken as definitive. In any project of this nature, there is an unavoidable level of risk attached to each of the individual elements, and the aggregation of all these risks means that there is a significant possibility of a delay in our plans for the new service becoming fully operational. For this reason, although we are not required to be up and running before the end of 2010, we are deliberately planning towards some months before, in order to provide some contingency against unforeseen delay.

## Finance

When the OLC became a legal entity on 1 July 2009, it took control of a budget of some £15.1m which had been set aside to pay for the OLC set-up costs. It was estimated that the full-year operating budget after the launch of the Ombudsman scheme would be £19.9m. Originally it was intended that these sums would be provided directly by the Ministry of Justice under Grant in Aid. Subsequent negotiations with the Treasury have agreed that a 'netting off' arrangement can be put in place. The operational details of this are being negotiated. Under the terms of our Management Agreement and associated Financial Memorandum signed with the Ministry of Justice on 1 July 2009, the agreement of the Ministry is necessary for significant items of OLC spend. However, the full cost of the OLC, both for set-up and steady-state, will be recovered from the legal profession from a combination of a levy on the profession to pay for the OLC and the Legal Services Board and, once the Ombudsman scheme is launched, fees charged to lawyers (but not complainants) for dealing with individual complaints.

Given the early nature of our planning, precision around both the set-up and the steady-state budgets is difficult. In relation to the former, we have undertaken some significant procurement exercises – for interim employees, for premises, and for HR consultancy – with some of the largest – for IT, and premises fit out – not yet completed. The costs attached to each of these procurements undertaken thus far have varied by some margin from those predicted; the cost of the IT and subsequent procurements, therefore may also change. – The cost of employees will also vary, depending upon the precise arrangements for the transition of responsibility for complaints between the existing complaints handlers and the Legal Ombudsman.

Nevertheless, we have modelled our budget for the set-up of the Legal Ombudsman and are confident that we will be able to establish the organisation from within the budget allotted to us:

OLC Implementation Cost Budget			
	Operating costs £000	Capital Investment £000	Total costs £000
Staff Costs	3,444		3,444
Accommodation	1,053	1,118	2,171
IT & Telecoms	356	5,352	5,708
Implementation Costs	2,262		2,262
Other Costs	527		527
Contingency	200	500	700
<b>Total</b>	<b>7,842</b>	<b>6,970</b>	<b>14,812</b>

## Full operation

The above plans take us from the present date to the date at which we begin receiving complaints. There will then be a period of some three to six months (depending upon how much of the timing contingency allowed in this plan is needed to respond to unexpected delays) when we will be formally be in steady state.

The term ‘steady state’ is, however, an inaccurate one. Given the uncertainties about the level of demand and given too that we will be implementing an entirely new piece of legislation, we recognise that there will continue to be refinements and alterations to our activities for some time beyond our vesting date. While we will have agreed some high level performance indicators with the LSB by autumn 2010, any detailed predictions we make for this period in relation to our financial or operational performance would necessarily be open to huge challenge.

Key activities to be undertaken during the remaining months of the period covered by this plan include:

Workstream: Operational refinement	
Review and adapt operational activity in the light of experience post go-live	
Key deliverables	Critical success factors
<ul style="list-style-type: none"> <li>• Good quality data to allow review of performance</li> <li>• Refinement of processes to ensure achievement of agreed targets</li> <li>• Creation of flexible employee resource to manage peaks and troughs of activity</li> <li>• Effective interaction mechanics with key stakeholders, particularly approved regulators</li> <li>• Effective feedback to legal profession and wider public</li> </ul>	<ul style="list-style-type: none"> <li>• IT system enabling collection of good quality management information</li> <li>• Ongoing project and change management resources</li> <li>• Robust and effective HR systems</li> <li>• Ability to engage stakeholders</li> <li>• Sufficient communications resource</li> </ul>
Milestones	Timing
Agree performance indicators with LSB	Q3 10
Scheme go-live	End Q3/Q4 10
Monitor and adjust performance	Q4 10 – Q1 11
Revisit arrangements with stakeholders	Q1 11
Organisational review and change planning	Q2-3 11
Implement necessary organisation changes	Q3-4 11
Implementation complete	(Q4 10)
Risks	Risk mitigations
1. Demand exceeds planned capacity	Increase HR resource/headcount
2. Failure of interface with key stakeholders	Renegotiate agreements
3. IT problems	Test of systems before go-live. Retain capacity to revisit IT structure
4. Delays/quality failures	Review and adjust business process
5. Staff performance fails to match expectations	Retain additional HR/training/support capacity
6. Legal challenges to processes	Test processes before go-live. Retain capacity to respond to challenges

The full operating cost of the Ombudsman scheme is difficult to predict. Once the organisation is in steady-state operation, some two thirds of the costs will be staff costs and, while we have made some initial assumptions about the number and grades of those employees, we have not definitively modelled out the final organisation. The continuing debate about the precise shape of the transitional arrangements, particularly in relation to the way that the work of the existing Legal Services Ombudsman will be absorbed, creates an additional level of uncertainty. Finally, a key element of determining demand – and therefore cost – will be the extent to which the legal profession manages first-stage complaints handling. Therefore, any conclusions about the operating costs of the Legal Ombudsman after the launch of the scheme are necessarily highly provisional.

With those caveats, however, we have produced an outline budget in order to satisfy ourselves that the organisation which we are designing does not present an obvious risk to the budget we have been given:

The above outline annual operating budget has been combined with

OLC Outline Operating Budget			
	Operating costs £000	Capital Investment £000	Total costs £000
Staff Costs	12,583		12,583
Accommodation	2,181		2,181
IT & Telecoms	945	350	1,295
Implementation Costs	1,115		1,115
Other Costs	370		370
Depreciation	1,228		1,228
Variable Demand Contingency	1,027	350	1,027
<b>Total</b>	<b>19,449</b>	<b>350</b>	<b>19,799</b>

the implementation budget to create a budget for the financial year 2009/10 which been approved by the Legal Services Board as required under the Act. However, that budget will be subject to considerable potential variance depending on the phasing of implementation spend (the financial year end coincides precisely with the period in which the OLC will be incurring significant costs for premises fit out and IT) and on precisely when the new Ombudsman scheme becomes operational.

## Conclusion

The planning process often requires a sophisticated weighing of competing objectives in order to decide what the key priorities for the organisation are. For the OLC, planning is simpler. We have a single objective: to establish and run a high-performing, well-respected and efficient Ombudsman scheme. Meeting that objective may be difficult, and delivering all the workstreams listed above to time, cost and quality will certainly be challenging. However, it is a task which we relish and which we believe we can achieve. We look forward to working with our partners to do just that.



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# **Annex A**

## Business plan

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