



**Annual Report and Accounts of the Legal Services
Complaints Commissioner 1 April 2006 to 31 March 2007**

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of Schedule 8 of the Access to Justice Act 1999

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Commissioner's Foreword

“Unfortunately, on occasions, things go wrong and, as with any service, it is for the supplier of that service (the solicitor) to put it right.”

Commissioner's Foreword

Sometimes people can control the changes that affect their lives; at other times they need help to overcome the difficulties that those changes can bring. When a change, like buying a new home or resolving a conflict, requires legal advice, people need to know that their solicitor will deal with their matter properly.

Unfortunately, on occasions, things go wrong and, as with any service, it is for the supplier of that service (the solicitor) to put it right.

I was once told by a solicitor, that people may only use their services once or twice in a lifetime, so if only one out of every ten complains about the service they received, then at least nine didn't. I cannot imagine Asda or the Co-operative saying to their staff *“only upset 10% of our customers today and we can consider ourselves successful at providing a good service”*.

But, unfortunately, for a small minority of solicitors this appears to be true.

If we are to change legal services and modernise some solicitors' approach to their clients, then we have to concentrate on the word 'service'. It is a legal SERVICE, not a legal 'take it or leave it'.

It is for the Law Society to ensure that its members, the solicitors, all provide a level of service that it considers is acceptable. And, to deal with those solicitors that fall below that standard.

The Law Society has separated into three entities: the Law Society is now the name for the representative body for Solicitors in England and Wales, regulation is conducted by the Solicitors Regulation Authority (SRA) and consumer complaints about service are handled by the Legal Complaints Service (LCS), formerly the Consumer Complaints Service. Janet Paraskeva presided over much of this change in 2005. Janet stepped down as Law Society Chief Executive in September 2006. I would like to thank her for the contribution in moving the Law Society forward and wish her well with her new challenges.

I welcome the relative independence that the SRA and LCS Boards have from those that represent solicitors. While these changes are still bedding in, I have seen some positive signs of the difference the Boards can bring to bear in influencing the direction of their organisations. It has, for example, been pleasing to move towards a more co-operative process for agreeing the Law Society's LCS and SRA Improvement Plan for 2007/08. I am pleased to have been able to encourage the Boards to include aspects of their Improvement Agendas in their final Plan submitted to me that I can independently measure and monitor. This contrasts sharply with the situation following my Annual Report last year where I levied a penalty on the Law Society of £250,000¹ for the Law Society's LCS and SRA's failure to submit an adequate Improvement Plan. Whilst applauding the ambition and commitment shown by inclusion of their Improvement Agendas in the Improvement Plan for 2007/08, I urge both Boards to cement a further change of culture and ethos in their organisations to truly deliver a better service for consumers and the profession.

There are clearly issues still to be ironed out and history shows there can be very serious consequences for the consumer if they are not addressed – starkly demonstrated by the experience of some miners and their dependents who made claims under the Coal Health Compensation Scheme. Some solicitors have improperly charged their clients under a scheme where Government already funded the work and these charging practices have blighted the reputation of the legal profession. The strain being placed on the system of regulation by the actions of a small number of firms is having widespread consumer impact, with the outcome that some former miners have died before receiving the redress they are entitled to. The handling of complaints and the interaction between LCS, SRA and the Solicitor's Disciplinary Tribunal on these matters remains a concern and I will continue to gather evidence and may use my statutory powers to set specific targets for dealing with them, if necessary.

¹ Later reduced to £220,000 for the co-operation shown by the Law Society's LCS and SRA and the fact that they submitted a further Improvement Plan that I subsequently declared adequate.

At the level of Government policy, we need at this time of debate over the new Legal Services Bill to be mindful of the consumer as well as all other interests. The profession is fiercely protective of its independence and wants to be left alone to do the day-to-day job of regulating. However, consumers need confidence that they are protected by regulators who have the strongest possible powers to spot where things are going wrong, take firm action and can order the profession to put things right quickly. An overarching Legal Services Board without the power to act decisively when the professions' regulators fail, would not deliver this for the consumer. An Office for Legal Complaints hampered by a system for dealing separately with service and conduct and which is not subject to effective independent scrutiny, may not deliver the right redress or enable the system to learn from complaints. If legal services reform is to be effective then the bodies that will have the responsibility for it must be able to act swiftly to protect consumers.

This Annual Report relays a very mixed picture with regards to the Law Society's LCS and SRA complaints handling performance between April 2006 and March 2007. While encouraging results have been achieved on how quickly cases have been handled, it is disappointing to see that this has not been matched by achievement of all of the quality targets. Getting to grips with their own processes and embedding them into their culture still appears to pose a significant challenge to the Law Society's LCS and SRA.

What matters most to consumers now is that the initiative is seized by the Law Society's LCS and SRA. This period of change, must be converted into a better, more equitable and "consistent every time" service. Both speed and quality must be able to be delivered at a cost that is sustainable. A step change in some of these basic areas will enable us to look more broadly at achieving the best possible outcomes for all consumers who have found it necessary to complain about solicitors. I believe that a critical point has now been reached in the cycle of change, as the

conditions for achievement of this step change are as favourable as they have been at any time since my appointment. What is needed now is improved and then sustained delivery for users of the service.

I look forward to continuing to work with the Law Society's LCS and SRA to ensure that the cycle of change delivers further improvements for all those that use their services. I will continue to set targets for LCS and SRA that are achievable and taking into account the base from which the Law Society's LCS and SRA is at but I also look to the LCS and SRA Boards to be seeking to raise their sights even higher. The Law Society's LCS and SRA should not rely on my targets alone, but should be looking to identify areas themselves where they can make further improvements. The current emphasis is on dealing with complaints once received by the Law Society's LCS and SRA rather than stemming the flow of preventable complaints. The Law Society's SRA is looking at training and accreditation of solicitors with the aim of improving the way that complaints are handled at source. My Office looks forward to working closely with SRA to see how this can be achieved.

Finally, I am grateful for the support provided by my Advisory and Consumer Boards. I consider their input to have been invaluable and appreciate their ongoing advice. I would also like to thank my staff in the OLSCC for their hard work, commitment and ability to rise to the challenges presented throughout the year.



Zahida Manzoor CBE
Legal Services Complaints Commissioner



Executive Summary



Executive Summary

The aim of the Office of the Legal Services Complaints Commissioner

The aim of the Office of the Legal Services Complaints Commissioner (OLSCC) is to encourage and influence the Law Society to improve how it handles complaints against solicitors in England and Wales.

The Commissioner has the power under section 52 of the Access to Justice Act 1999 to require the Law Society to provide information on how it deals with complaints, to make recommendations about the complaints handling system, to set targets for complaints handling and require the Law Society to submit a plan for complaints handling. In addition, the Commissioner has the power to levy a penalty on the Law Society if it fails to deliver an adequate plan or fails to act in accordance with that plan. The maximum amount specified is the lesser of £1m and one percent of the Law Society's annual income.

The Commissioner was given the responsibility in 2004 to regulate and work with the Law Society to bring about improvements that consumers of legal services could reasonably expect. That means the Law Society providing a service that is impartial, transparent, easy to understand, efficient and gives appropriate remedies.

The Law Society's reorganisation

In January 2006 the Law Society formally split into three distinct bodies, each one with its own Chief Executive and in the case of the LCS and the SRA, their own Board. The Law Society has its Council and a Corporate Governance Board. The three bodies are:

- **LCS**, formerly the Consumer Complaints Service, which deals with complaints by consumers who are complaining about the service received from their solicitor;



- **SRA** regulates solicitors and deals with some consumer complaints where misconduct of a solicitor is alleged; and
- **The Law Society** represents solicitors to help protect and promote their work.

These bodies operate as different entities, however, the Law Society's Council still approves the budget for all three, and is responsible to the Commissioner for its Improvement Plan and how complaints are handled in accordance with this Plan.

Although the Commissioner's powers relate to the Law Society as the professional body, LCS and SRA have been delegated the responsibility for submitting an Improvement Plan to her. The statutory responsibility still remains with the Law Society.

Throughout this Annual Report those handling complaints are referred to as LCS and SRA for ease of reference. There is an overlap between the two organisations with regards to complaints handling and they submit a joint Plan, however, the overwhelming majority of the Improvement Plan relates to LCS and the remainder relates to SRA. This report needs to be read in this context.

Improvement Plan

In order to ensure that anyone who complains to the Law Society's LCS and SRA receives the standards of service that they should reasonably expect, the Commissioner sets targets and requests that LCS and SRA submit an Improvement Plan to show how they will make improvements in complaints handling. When the Commissioner sets targets she requires LCS and SRA to include these targets in their Improvement Plan and that the Plan shows how they will achieve these targets, in addition to broader service improvements.

For the Improvement Plan covering the period 1 April 2006 to 31 March 2007, the Commissioner set LCS and SRA 13 targets in 3 strategic priority areas:

- Timeliness – the Commissioner considers that the timely handling of complaints is important in the strategy of improving the consumer experience;
- Quality of decisions – getting quality right will provide both the consumer and profession with a fair and transparent conclusion to a complaint; and
- Implementation of the Plan – successful delivery of LCS and SRA's Improvement Plan is required to bring about the improvements needed to move complaints handling closer to being effective and efficient.

The Commissioner considered 9 of these targets, those relating to timeliness and quality, to be key to improving the service being received by the consumer and the profession. While important in order to run an effective business, the 4 other target areas related to internal management of resources and the reporting of management information, areas of weakness at the Law Society in the past and which should be managed effectively by a well performing organisation.

The targets set by the Commissioner were realistic and achievable and would, if met, improve LCS and SRA's handling of complaints.

The Commissioner set targets for 2006/07 in order to enable LCS and SRA to focus on quality of decisions, to maintain their current performance on timeliness and implement delivery of the Improvement Plan. Achievement of these should be a good measure of success from a consumer perspective. Her priorities in setting these are that they represent what the consumer and profession expect from a complaints handling service, that is:

- Knowing that the right outcome has been achieved – through improved quality by ensuring that the proper procedures and guidance are followed so that the outcome is consistent and within the bounds of reasonableness; and
- Having a complaint handled in a timely manner – through removing delay and improving the speed at which complaints are handled.

Agreeing an Improvement Plan for 2006/07

On 10 March 2006 LCS and SRA submitted the final version of their 2006/07 Improvement Plan to the Commissioner.

Under section 52(3) of the Access to Justice Act 1999 the Commissioner has the power to levy a penalty on the Law Society if it fails to submit a plan for the handling of complaints which she considers adequate for ensuring that such complaints are handled effectively and efficiently. When LCS and SRA submit an Improvement Plan, the Commissioner has a decision to make. If the Commissioner feels that this Plan is able to achieve the required level of improvement, she can consider it to be adequate and start to monitor LCS and SRA against it once the new plan year starts in April. However, if the Commissioner considers that the Improvement Plan would fail to deliver the required level of improvement she feels is necessary and achievable, she can declare that the Plan is not adequate and consider whether to levy a penalty on the Law Society.

The Commissioner considered carefully LCS and SRA's Improvement Plan. On 3 April 2006, the Commissioner was disappointed to announce that she was declaring LCS and SRA's Improvement Plan for the period 1 April 2006 to 31 March 2007 as inadequate for securing effective and efficient complaints handling.

This was because it did not include all the targets she had set and believed to be reasonable, nor did it aim to deliver sufficient improvements in complaints handling which consumers and the profession expect and deserve.

Following this announcement, the Commissioner provided LCS and SRA with an opportunity to make representations to her as to whether she should impose a penalty and if so, in what sum. LCS and SRA provided both written and oral representations to the Commissioner. Having taken these representations and all other factors into account, on 17 May 2006, the Commissioner notified the Law Society of her decision to levy a penalty of £250,000.

In July 2006, LCS and SRA submitted to the Commissioner a new Improvement Plan.² On 28 July 2006 the Commissioner announced that she considered this new Plan to be adequate and informed LCS and SRA that she was pleased to have an agreed Improvement Plan in place.

² www.lawsociety.org.uk/documents/downloads/CCS_ComplaintsPlan.pdf

The Commissioner decided not to recover the £250,000 she originally imposed, but adjusted the penalty payable by the Law Society to £220,000. This recognised the co-operation shown by LCS and SRA and the fact that they submitted a further Improvement Plan that the Commissioner subsequently declared adequate.

LCS and SRA's Performance against their Improvement Plan

In 2005/06 LCS and SRA only achieved 3 out of the 7 targets set by the Commissioner. This was disappointing, but the Commissioner extended some tolerance to take account of it being the first year of the Law Society working towards an Improvement Plan. She expected improved performance against the targets in 2006/07.

However, the Commissioner was further disappointed when LCS and SRA missed 4 of the 9 timeliness and quality targets she had set in 2006/07. The majority of the targets they missed were quality targets. Additionally a decision is pending on one of the timeliness targets.

The following bullets summarise performance at LCS and SRA for the period 1 April 2006 to 31 March 2007.

- They have met 1 and exceeded 1 of the 3 timeliness targets set by the Commissioner.³ A decision is pending on one of the timeliness targets. Overall performance represents an improvement on performance in 2005/06. This means that consumers are now having their cases handled more quickly.
- LCS and SRA have failed to meet 4 of the 6⁴ quality targets set by the Commissioner, which is very disappointing and raises concerns about how consistently cases are being managed. This poor performance is particularly disappointing when considering the targets are based on their own service standards and are largely procedural in nature.

The Commissioner's powers enable her to levy a penalty on the Law Society in two instances. The first is if it fails to submit an Improvement Plan that the Commissioner considers adequate for securing that complaints are handled effectively and efficiently. The second is where LCS and SRA fail to handle complaints in accordance with their Plan. Once the final performance information was available for 1 April 2006 to 31 March 2007, the Commissioner therefore

had a decision to make with regards to LCS and SRA performance against the 2006/07 Improvement Plan. In taking this decision, the Commissioner provides them with an opportunity to make representation to her, to help ensure she is aware of all the information on which to base a reasonable decision. At the time of writing this report the Commissioner has presented LCS and SRA with her provisional views on their performance against the 2006/07 Plan, and they have been offered the opportunity to provide representation to her before she comes to her final decision.

Her provisional decision on LCS and SRA's performance from 1 April 2006 to 31 March 2007 is that they have not handled complaints in accordance with the Plan.

In her letter of 12 June 2007, in which the Commissioner let LCS and SRA know this decision, she summarised her view as follows:

"In general, there has been mixed performance against the Plan this year. I welcome the improvements in timeliness, and the effort that has gone into achieving this, which is good news for the consumer.

However, any improvements in timeliness have to be viewed within the context of a poor performance in some of the quality areas, and the Law Society's late response in dealing with those areas where it was clear that performance might not meet the target levels I set. I consider that the quality of complaints handling is key to the effective handling of complaints, and it concerns me that complaints are not being handled in line with the Law Society's own processes. It is important that quality accompanies timeliness, and this failing impacts on the service being provided to the consumer and the profession."

With relation to the impact of this performance on the future, the Commissioner wrote:

"I believe that if effort had been made earlier to meet the quality targets this would have provided a platform for improved performance in subsequent years. The current performance levels on the quality targets has restricted the possibility of setting more ambitious measures, focused on achieving a consistent level of quality for each complaint handled, in the next plan year."

³ Performance against the timeliness target areas, the Legal Services Ombudsman's satisfaction rating, and delivery of the Plan is monitored via monthly management information reports provided by the Law Society.

⁴ Progress and performance against some of the quality targets can only be measured by the Commissioner's Office undertaking an audit of case files. The information is taken from the year-end audit conducted in April 2007.

Performance in Detail

At the start of the year the Commissioner set LCS and SRA 3 timeliness targets for the period 1 April 2006 to 31 March 2007. Two of these targets continued the theme from the previous year in which the Commissioner required a certain percentage of cases to be closed within specified timebands – 3 and 12 months. However, this year she also set a target for the maximum number of cases which LCS and SRA should have left at the end of the year that have been open 15 months or more. Of these 3 targets, LCS and SRA met 1 and exceeded 1. A decision is still pending on the third.

- LCS and SRA have exceeded the 57% timeliness target for cases closed within 3 months by 2%, achieving 59% of cases closed within 3 months. This is an improvement on 2005/06, which saw them achieve 55%. This means that 1,708 more consumers had their cases closed within 3 months than the previous year.
- LCS and SRA have met the 94% timeliness target for cases closed within 12 months compared to 91% in 2005/06.

With regards to their final timeliness target, to have no more than 65 cases that have been open for 15 months or more by 31 March 2007, LCS and SRA reported to the Commissioner at the end of the year that they had 56 cases left open which were over 15 months old. Whilst this would have met the target set, the Commissioner's Office identified that a small number of cases could have been inappropriately closed by LCS and SRA during the last 3 months of 2006/07, which means that the target could have been marginally missed. Following representation from LCS and SRA on this matter, the Commissioner will make her final decision.

Despite this, the Commissioner considered that effort was made to achieve these targets and was pleased that consumer complaints were now being handled more quickly. She let LCS and SRA know that while further improvement was still required, this was positive, and provides a strong foundation for achievement of the target she has set for 2007/08, to have no cases over 12 months old (except a small number of specific cases, called redress conduct cases, which LCS and SRA take longer to conclude).

The Commissioner set LCS and SRA quality targets based largely on their own customer standards, which she hoped would encourage adherence to these and bring about improvements. The quality targets as they have been set in 2006/07 are intended to ensure that consumers receive a consistent service and are able to make the right decisions. Of its 6 quality targets, LCS and SRA missed 4 and exceeded 2. This poor performance is particularly disappointing considering the targets are based on their own service standards and are largely procedural in nature.

A consequence of this performance, as noted in the Commissioner's letter of 24 November 2006 to LCS and SRA, when she set targets for 2007/08, is that she has had to re-set similar targets.

"I had envisaged moving the Law Society to a measure that brought about greater improvement this year by achieving a consistent level of quality for each complaint handled. However, I believe this is not achievable at this stage by the Law Society."

Results against most of the quality targets can only be measured by the Commissioner's Office undertaking an audit of case files at the end of the reporting year. The results of the audit are very concerning, showing that LCS and SRA have missed 4 of the 6 Commissioner's quality targets set:

- **Quality target Q1** - LCS and SRA missed this target by a substantial margin. Their performance was 48.4% against a target of 80%, and despite a slight upward trend performance remained low throughout the year. The Commissioner views this as a significant failure. *Special payments are payments made by LCS and SRA to consumers to compensate for poor service received from them, for example, for delays in dealing with cases or losing paperwork.*
- **Quality target Q2** - This target was only missed by a narrow margin. A substantive response was provided to the consumer within 55 calendar days of receipt of the complaint, in 78.5% of cases, against a target of 80%. *A substantive response is one that accurately reflects all consumer issues, which are known at that time, specific to the consumer's circumstances and serves to progress the matter.*

- **Quality target Q3** – Performance was 61.9% against a target of 80%. The Commissioner considers this failure to be significant. This target is aimed at not only improving the communication received by consumers, but also to ensure cases receive some action to progress them at least once a month, or at key stages to reach early resolution. *This target measures whether LCS and SRA updated consumers and progressed their complaint on at least a monthly basis or at key stages during the complaint.*
- **Quality target Q4** - This target was exceeded. LCS and SRA achieved 81.7% against a target of 80%. This is positive. The Commissioner considers that the steps taken by LCS and SRA to ensure this was achieved have evidently made a difference, not only to the achievement of the target, but to the service being received by consumers. *This target measures whether LCS and SRA share appropriate guidance with consumers and solicitors at the relevant stage of the case, to ensure that consumers and solicitors can make an informed choice about any level of compensation to be agreed.*
- **Quality target Q5** - This target was exceeded. LCS and SRA achieved 97.6% against a target of 95%. The Commissioner was pleased that this means the consumer is receiving an improved service. *This target measures whether LCS and SRA have correctly understood the issues raised by consumers and whether they accurately reflect these back to the consumer.*
- **Quality target Q6** - This target, which provides an independent scrutiny of cases by the Legal Services Ombudsman, was missed. Performance was 68% against a target of 73%. The Commissioner was disappointed by this failure, which means that performance is only marginally better than in 2005/06

and proportionately represents a greater failure against the target level than that last year. *This target aims to improve the quality of decisions and monitors the number of referrals to the LSO in which the LSO upholds the handling of the case by LCS and SRA.*

The Commissioner expects LCS and SRA to address quality in this coming year.

LCS and SRA's Improvement Plan 1 April 2007 to 31 March 2008

The Commissioner's Office works on a continuous cycle, setting targets and requiring plans for the next financial year while still undertaking, monitoring and assessing performance for the existing year.

Therefore, while monitoring of performance against 2006/07 was taking place, the Commissioner was formally requesting an Improvement Plan from LCS and SRA, setting out how they would deliver improvements in complaints handling during the period 1 April 2007 to 31 March 2008. This was requested on 4 October 2006. On 21 December 2006 the Commissioner set targets covering timeliness, quality of decisions and implementation of the Improvement Plan.

The targets the Commissioner set include the following:

Timeliness

It is important that consumers can be confident that their cases will be looked at quickly and concluded in a reasonable timescale. The Commissioner therefore set targets that:

- By the end of March 2008, LCS and SRA should have no cases older than 12 months except for a maximum of 65 Redress Conduct (RDC) matters (these are specific cases which LCS and SRA take longer to conclude); and
- To ensure that 67% of cases are closed within 3 months.

Quality of decisions

Consumers should be able to expect that decisions made on complaints are consistent and comply with LCS and SRA's policies and procedures. The Commissioner set the following targets:

Quality Target Q1 – 93% of complaints are acknowledged within 5 working days of receipt;

Quality Target Q2a – 88% of complaints receive a substantive response within 45 days of receipt of the complaint. (Substantive is defined as, “accurately identifies all consumer issues, specific to the consumer’s circumstances and serves to progress the matter”).

Quality Target Q2b – 93% of cases to confirm the following standard information to consumers in either the acknowledgement letter or the substantive response (or a combination of the two): Law Society powers and processes, internal complaints procedure and the consumer receives confirmation that their complaint may be copied to the solicitor about whom the complaint has been made.

Quality Target Q3 – 85% of complaints have, at an appropriate stage, the Law Society’s LCS and SRA’s Indicative Awards Guidance (IAG) and Reasonable Offer Made (ROM) guidance (where the ROM process is being followed) shared with the consumer and solicitor.

Quality Target Q4 – 88% of cases to meet the specified contact requirements.

Quality Target Q5 – In 85% or more of cases closed on or after 1 April 2007, and 6 months and over:

- consideration and/or award of special payment(s) must be in line with the relevant Law Society special payment policy guidance and evidenced on the case; and
- there must be evidence on the case of a special payment consideration on closure that is in line with policy guidance.

Quality Target Q6 – 73% or more of referrals to the Legal Services Ombudsman (LSO) in which the LSO upholds the handling of the case by LCS and SRA.

Implementing LCS and SRA's agreed Improvement Plan

It is important that LCS and SRA deliver their Improvement Plan within the context of a planned budget and within the resources they set out, they need in order to deliver their business. The Commissioner, therefore, set the following targets:

- LCS and SRA will use at least 95% of their authorised budget to deliver the content of the Improvement Plan; and
- LCS and SRA will use at least 95% of their authorised resource to deliver the content of the Improvement Plan.

The broader improvements to be delivered in the Improvement Plan include:

- Improving Services – improving accessibility through reviewing the Equality & Diversity data they hold on consumers and solicitors, and using this to analyse the fairness of their policies and how they are being applied. The Commissioner considers this critical to improving the accessibility of the LCS and SRA services and raising awareness of the scope of services available, including to the most vulnerable consumers. She made recommendations to the Law Society about this as far back as 2004. This work was originally due to start last year, but it has remained at the data gathering stage. Now that this work has been included within the Improvement Plan, with details of implementation plans, the Commissioner looks forward to much greater progress on this by the end of March 2008, with clear benefits for consumers.
- Informing Consumers – the Improvement Plan now sets out the work that LCS and SRA will undertake to publish the historical complaints records of solicitors, review the existing requirements for consumer guides, develop new ones where required, and increase the awareness of services. If implemented effectively, this should help consumers to make the right choice when needing legal services.

- Improving Standards – The Improvement Plan sets out that both LCS and SRA, who deal with complaints about solicitors in relation to the service provided and the conduct of the solicitor will develop an interface between them, to enable effective sharing of complaint information. Also included in the Improvement Plan, is the introduction of a new Code of Conduct, modernisation of regulatory decisions and adjudication system, setting up a working group to look at and report back on post-qualification quality assurance of solicitors, and an enforcement initiative on referral fees. This action should go some way to restore consumer confidence, better equip the regulator and profession, and improve the focus on consumer needs as well as reduce the number of complaints made directly to the profession and LCS and SRA.

LCS and SRA submitted their final Improvement Plan to the Commissioner on 3 April 2007 in which they had agreed to the Commissioner's targets as set. The Commissioner was pleased that agreement of the Improvement Plan has been made at a much earlier stage than last year and believes this is due to a collaborative approach by the OLSCC and LCS and SRA.

The Commissioner considers that LCS and SRA have now committed through their Improvement Plan to deliver wider business improvements which better serve the needs of all their users and looks forward, during the Plan year, to seeing the potential benefits being realised for the consumer, the profession and the Law Society.

The Commissioner's Audit Findings

The Commissioner's Research and Investigations team undertakes audits and investigations selected on a number of factors, including:

- concerns raised by consumers and other stakeholders;
- LCS and SRA's management information;
- their performance against the Commissioner's targets; and
- concerns raised from previous audits undertaken or from on-site visits and discussions.

In 2006/07 the Commissioner's Research and Investigations team undertook 8 audits which involved reviewing in excess of 4,300 files.

The audits undertaken were:

- Coal Health Compensation Scheme Audit
- Renumbering of Files Audit
- Annual Case File Audit
- Indicative Target Audit
- Adjudication Audit
- Redress Conduct Audit
- Negligence Audit
- The Law Society Target Performance Audit

Copies of these audit reports including findings and recommendations are available at www.olscc.gov.uk

A forthcoming report summarising all audits undertaken by the Commissioner's Office to date will provide an overview of the purpose of each audit. It will identify the key findings and recommendations including action taken by LCS and SRA to address these.

The Legal Services Bill and the future of legal services

The Commissioner welcomes the reforms of legal services, especially as the themes at the heart of the reforms include consumer focus, independence, increased competitiveness and increased choice for consumers and professionals alike.

The Commissioner is supportive of the establishment of the Office of Legal Complaints (OLC) and the Legal Services Board (LSB) and is pleased that the following examples of recommendations she put forward to the Government have been accepted in the formation of the Bill:

- **Chief Ombudsman** – Powers are to be vested in an independent individual (i.e. Chief Ombudsman). This is important as the term "*Ombudsman*" is understood and trusted by the public.

- **The OLC can take action on behalf of the consumer to recover sums of money owed** – If, following an OLC determination, the respondent fails to pay redress, the OLC will be enabled to take enforcement action for a payment of compensation on behalf of the complainant (with the complainant's consent). The Commissioner had been concerned that vulnerable clients would be left to take enforcement proceedings to gain the compensation awarded to them. Her audits as Commissioner have shown that in some instances over 70% of solicitors do not pay compensation unless pursued.

The Commissioner continues to work with Government and other stakeholders to help ensure that the Bill puts consumers at the heart of the legal reforms. The Commissioner expands on her views on the reforms in her special report.⁵

Creation of the Ministry of Justice

On 9 May 2007 the Ministry of Justice was created. This new department is responsible for courts, prisons, probation and constitutional affairs. The OLSCC is an Associated Office of the Ministry of Justice, however, the Department for Constitutional Affairs (DCA) is referred to throughout this report as it covers the period 1 April 2006 to 31 March 2007.

⁵ "Legal Services Reforms – a Perspective from the Legal Services Ombudsman for England and Wales and the Legal Services Complaints Commissioner", available at www.olscc.gov.uk

A photograph of a large, three-dimensional sign mounted on a wall. The sign reads "Office of the Legal Services" on the top line and "Complaints Commissioner" on the bottom line. The text is in a serif font and is dark in color. To the left of the sign, a small green plant is visible. The background of the photograph is a plain, light-colored wall.

Office of the Legal Services Complaints Commissioner

Chapter 1

Being an Effective Regulator



Chapter 1

Being an Effective Regulator – the work of the Office of the Legal Services Complaints Commissioner

Background

The Commissioner was appointed by Government in February 2004 as an independent regulator of the complaints handling arm of the Law Society of England and Wales. In January 2006 the Law Society formally split into three distinct bodies, each one with its own Chief Executive and in the case of LCS and SRA, their own Board. The three bodies are:

The Legal Complaints Service (LCS), formerly called the Consumer Complaints Service until January 2007, which deals with complaints by consumers who are complaining about the service received from their solicitor;

The Solicitors Regulation Authority (SRA) which regulates solicitors and deals with complaints where misconduct of a solicitor is alleged. There are links between LCS and SRA in relation to complaints handling, for example they share the same adjudicators; and

The Law Society which represents solicitors, to protect and promote their work.

Although these bodies operate as different entities, the governance arrangements remain the same and the Law Society's Council still approves the budget for all three, and is responsible to the Commissioner to deliver an Improvement Plan.



Although the Commissioner's powers relate to the Law Society as the professional body, LCS and SRA have been delegated the responsibility for submitting an Improvement Plan to her.

Throughout this Annual Report those handling complaints are referred to as LCS and SRA for ease of reference. There is an overlap between the two organisations with regards to complaints handling and they submit a joint Plan, however, the overwhelming majority of the Improvement Plan relates to LCS and the remainder relates to SRA. This report needs to be read in this context.

The Commissioner's role is to encourage and influence improvement in LCS and SRA's handling of complaints about solicitors to ensure that it is effective and efficient. She does this by requesting an Improvement Plan and setting targets that LCS and SRA work to. The Commissioner believes that consumers and the profession should have access to services under a complaints system that follow the seven key principles below:

- Clarity of purpose;
- Accessibility;
- Flexibility;
- Openness and transparency;
- Proportionality;
- Efficiency; and
- Quality outcomes⁶

⁶ Guide to principles of good complaint handling – ©The British and Irish Ombudsman Association 2007

The Commissioner's powers as a Regulator

In order to regulate effectively, the Commissioner has been given powers under Section 52(2) of the Access to Justice Act 1999 (the Act). These powers relate to the Law Society as the recognised Professional Body and are:

- To require LCS and SRA to provide information or make reports about the handling of complaints about their members;
- To investigate the handling of complaints by LCS and SRA;
- To make recommendations to LCS and SRA;
- To set targets for LCS and SRA; and
- To require LCS and SRA to submit an Improvement Plan for the handling of complaints.

Penalty

If the Commissioner requires a plan and the Law Society fails to submit a plan, that she considers adequate for securing that complaints are handled effectively and efficiently, then she can impose a penalty. Separately, if the Law Society fails to handle complaints in accordance with a plan then she can also levy a penalty.

The Act sets out what the Commissioner must do before deciding on a penalty. The maximum penalty has been set by the Lord Chancellor and should be the lower of £1 million and 1% of the annual income of the Law Society.

Principles of good regulation

The Commissioner is guided in her work as a regulator by the recommendations of the Better Regulation Executive and applies the five 'Principles of Good Regulation'⁷:

- Proportionality;
- Accountability;
- Consistency;
- Transparency; and
- Targeting.

The Commissioner's work as a regulator

In order to be an effective regulator of LCS and SRA complaints handling, the Commissioner and her Office have:

- developed a thorough understanding of the arrangements for handling complaints operated by LCS and SRA, to see where improvements can be made; to determine what, if any, recommendations to make; and to set targets for performance that when achieved will help ensure that complaints are handled more effectively and efficiently;
- built the capabilities to assess whether the Commissioner requires an Improvement Plan; what the Plan should contain; what aspects of the handling of complaints it should address; and what targets it should aim to meet;
- assessed the completeness of the Improvement Plans produced by LCS and SRA and determined the viability of the intended approach, towards securing effective and efficient complaints handling;
- monitored the progress of LCS and SRA in meeting agreed targets, implementing the agreed Improvement Plans and assessing whether they have acted in accordance with their Improvement Plans;
- engaged with a wide spectrum of stakeholders to understand what they expect from her Office, and LCS and SRA complaints handling and have reported back to them on the work the Commissioner has undertaken and the impact this is having on improving the handling of complaints by LCS and SRA; and
- determined and levied an appropriate penalty when the Law Society failed to produce an adequate Improvement Plan.

OLSCC skills and experience

In order to perform her role as a regulator the Commissioner has assembled a high calibre team of staff in her Office. Staff are divided into three distinct branches and led by a Director of Operations. The three branches are:

⁷ The Cabinet Office interactive guidance on consultation, available at www.cabinetoffice.gov.uk



Professional Body Performance Branch

This team works to advise the Commissioner on LCS and SRA progress towards improving their complaints handling. As well as monitoring and assessing performance against the LCS and SRA Improvement Plan, the team works closely with the LCS and SRA to understand the underlying factors, which affect the service provided. This team also engages with stakeholders in order to inform them of the Commissioner's work with LCS and SRA, to ensure that complaints handling develops more in line with consumer needs and expectations. As the legal reform programme

continues, it works to ensure the consumer's perspective is taken into account, and that the experience of the Commissioner as a regulator of the Law Society appropriately informs development of the new legal bodies.

Corporate Services Branch

This team is responsible for the internal corporate performance and financial management of the office and for delivering services such as communications, human resources, training, budget, accommodation and information technology.

Research and Investigations Branch

This team collects detailed information and provides independent assurance about the accuracy and level of service supplied by LCS and SRA. This information is used by the Commissioner to inform her recommendations to LCS and SRA and future target setting. The team also researches and benchmarks other organisations comparable in some form to LCS and SRA.

During the period 1 April 2006 to 31 March 2007 the Research and Investigations team undertook 8 audits in which they reviewed over 4,300 Law Society LCS and SRA files. The audits undertaken were:

- Coal Health Compensation Scheme Audit
- Renumbering of Files Audit
- Annual Case File Audit
- Indicative Target Audit
- Adjudication Audit
- Redress Conduct Audit
- Negligence Audit
- The Law Society Target Performance Audit

Further details of the audits and the findings are in Chapter 3. Copies of these audit reports including findings and recommendations are available at www.olsc.gov.uk



Chapter 2

Building blocks to Improvement: The Commissioner's Targets and LCS and SRA's Improvement Plan and Performance



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Building blocks to Improvement: The Commissioner's Targets and LCS and SRA's Improvement Plan and Performance

Setting targets to raise performance levels is not a new concept; but it is one, which the Commissioner has found invaluable when encouraging LCS and SRA to be more ambitious in their efforts to improve complaints handling. Consistent encouragement has been necessary, and a greater emphasis was required on reducing long and sometimes unnecessary delay to investigating complaints and also to help ensure greater consistency in the application of their own policies. In the previous year, although LCS and SRA had failed to achieve 4 of the 7 targets set by the Commissioner, which was disappointing, they had made improvements in the speed at which complaints were handled.

When the Commissioner sets targets she has required that LCS and SRA include these targets in an Improvement Plan, and that the Plan should show how they will achieve these targets, as well as broader service improvements. Typically, these Plans have been required to cover a financial year, from the beginning of April in one year to the end of March in the next. The intention is that this approach should focus LCS and SRA on the actions they will need to put in place to meet the Commissioner's targets and improve services for the consumer and profession, including the resources they will need and the improvement work they should undertake.



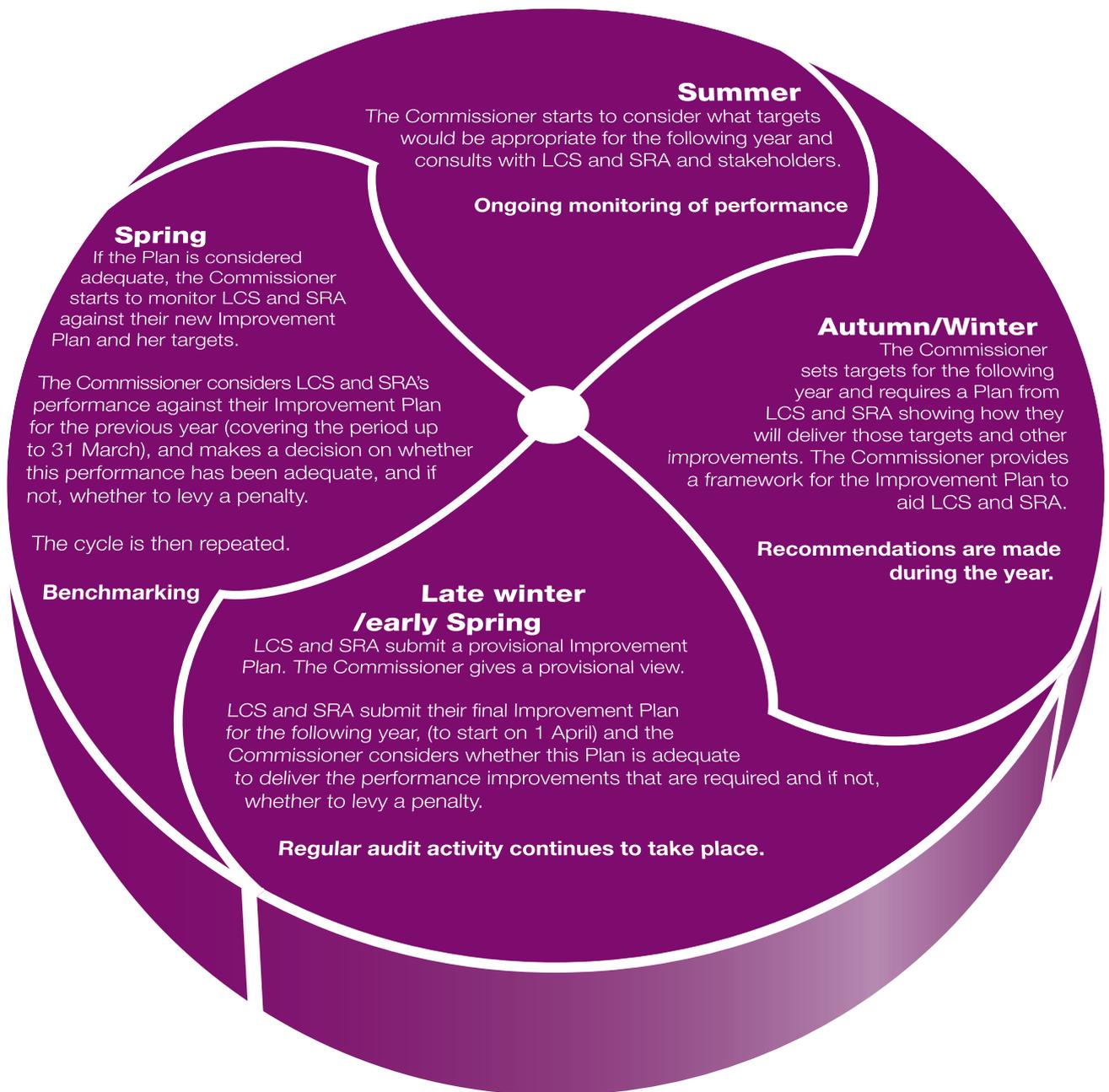
The Commissioner, if appropriate, can also levy a penalty on the Law Society in two situations:

- if it fails to deliver a plan which the Commissioner considers adequate to make improvements to the level required; and
- if it fails to handle complaints in accordance with that plan.

These are two independent and unique decisions for each plan required by the Commissioner.

The Commissioner's Office therefore works on a continuous cycle, involving setting targets and requiring plans for the next financial year, while still undertaking monitoring and assessing of performance for the existing year. The diagram on the following page shows a typical year.

Cycle of improvement



Setting targets

In setting targets the Commissioner is mindful of the consumer and profession's experience of complaints handling. It is important that they have confidence in an impartial complaints handling service that delivers reliable quality in an appropriate timescale. The Commissioner's targets and the requirements for an Improvement Plan from LCS and SRA are based on:

- the findings from audits and benchmarking work undertaken by the Office;
- existing Law Society's LCS and SRA performance and their capability to improve; and
- consultation with LCS and SRA and other key stakeholders.

The bringing together of this extensive knowledge helps prioritise and set achievable targets which aim to improve performance at LCS and SRA for the benefit of both the consumer and the legal profession.

Getting an agreed Improvement Plan for 1 April 2006 to 31 March 2007

In the autumn of 2005, the Commissioner and her Office started work to develop targets and agree an Improvement Plan with LCS and SRA for 1 April 2006 to 31 March 2007. The Commissioner's requirement for the two previous Improvement Plans to focus on both quality and speed of response had led to improvements in speed (albeit the improvement by LCS and SRA took longer to achieve than anticipated). The Commissioner believed LCS and SRA were in a position to make further improvements to this. However, her biggest challenge for LCS and SRA was to improve the poor quality of their complaints handling. This was because the Commissioner's audits of LCS and SRA's cases provided evidence of inconsistent application of their own procedures, a lack of checks on the quality of casework and inconsistency in decision making.

The Commissioner therefore set targets for LCS and SRA to improve how quickly they handled complaints, but balanced that with a level of quality required.

The Commissioner requested that LCS and SRA provide a complaints handling plan showing how they would deliver the targets set by her and make performance improvements in their complaints handling system and processes. Having

learned from previous experience with the Law Society, when promises of improvement have only been met in part, the Commissioner required that this plan be specific and measurable, and that it set out what action LCS and SRA intended to take and its anticipated benefits. In March 2006 LCS and SRA submitted their final Improvement Plan to the Commissioner.

When LCS and SRA submit an Improvement Plan, the Commissioner has a decision to make. If the Commissioner feels that this Plan is able to achieve the required level of improvement, she can consider it to be adequate and start to monitor LCS and SRA against it once the new plan year starts in April. However, if the Commissioner considers that the Improvement Plan would fail to deliver the required level of improvement she feels is necessary and achievable, she can declare that the Plan is not adequate and consider whether to levy a penalty on the Law Society.

In March 2006, there were a number of respects in which the Commissioner felt she had to declare the Plan inadequate. Some failures were more important than others. Of significant importance was the failure of LCS and SRA to include some of the targets set by the Commissioner in the Improvement Plan and the absence of measurable initiatives aimed to bring about improvement.

Having considered carefully LCS and SRA's Plan, on 3 April 2006 the Commissioner was disappointed to announce that she was declaring it inadequate for moving them closer to securing effective and efficient complaints handling⁸. In a letter to LCS and SRA the Commissioner explained:

*"there are a number of failures, and some of these, as stated, merit a good deal of weight in the balance. An adequate plan for complaints handling plays a crucially important part in my attempts to ensure the Law Society improves its complaints handling and is thereby of benefit to the consumer."*⁹

Representations by LCS and SRA

Following the Commissioner's announcement that their Plan was inadequate and that she intended to levy a penalty, she provided LCS and SRA with an opportunity to make representations to her as to whether she should

⁸ "Law Society Plan aims too low for consumer, says Legal Services Complaints Commissioner", Press Notice dated 3 April 2006.

⁹ Extract from letter to the Law Society dated 17 May 2006. Full text available at www.olscc.gov.uk

impose a penalty, and if so, in what sum, as required by the Access to Justice Act 1999. LCS and SRA took this opportunity and provided both written and oral representations to her, on 28 April and 5 May 2006, respectively.

Decision to levy a penalty of £250,000 on the Law Society

Having taken these representations and all other factors into account, on 17 May 2006, the Commissioner notified the Law Society of her decision to levy a penalty of £250,000. This was not the maximum penalty the Commissioner is entitled to levy (the lower of £1m and 1 percent of the Law Society's annual income), as she needed to take the following factors into account:

- LCS and SRA's representations, both written and oral;
- The fact that this was the first occasion on which the Commissioner had considered it necessary to impose a penalty;
- LCS and SRA's response to her comments on the draft version of their Improvement Plan;
- The number of different respects in which the Commissioner had declared the Plan to be inadequate;
- The importance in the Commissioner's view that should be attached to those respects;
- The extent of the inadequacy in question; and
- The maximum amount the Commissioner would be entitled to impose.

At the time of announcing the penalty, the Commissioner commented:

"This [penalty] reflects that, amongst other things, the Law Society has failed to include in its Plan all of my targets at the levels set.

*I need to mark the failures in the Plan with an appropriate level of penalty. I have concluded that a penalty of a quarter of a million pounds is appropriate. It is of great concern to me that there is no adequate Plan in place. Consumers are depending on the Law Society to improve now. Having an adequate plan is essential to help achieve this."*¹⁰

¹⁰ "Quarter of a million pound penalty for the Law Society", Press Notice dated 18 May 2006.

LCS and SRA provide a new Improvement plan

LCS and SRA accepted the Commissioner's position and reassessed what they could deliver in 2006/07. They submitted a new plan to the Commissioner on 27 July 2006, which she considered to be adequate. A full copy of this Improvement Plan can be found on the Law Society website.¹¹

Out of recognition of the efforts made by LCS and SRA and the co-operation they showed following the Commissioner's decision to levy a penalty, she decided not to recover the £250,000 originally imposed, but to adjust the penalty and to require payment of £220,000. The Law Society paid this in August 2006.

It is important for consumers and the profession that an Improvement Plan by LCS and SRA is in place as this shows their commitment to making improvements in the service they offer and the Commissioner is able to ensure these improvements are achieved.

The Commissioner's targets included in LCS and SRA's Improvement Plan

The Commissioner's targets included in the new Improvement Plan submitted by LCS and SRA covered three strategic priorities. These were priorities which the Commissioner considered provided balanced and complementary objectives covering all complaints handling activity. Within these priorities there were 13 targets: 3 of which were timeliness targets (measuring the speed with which complaints are handled), 6 of which were quality targets and 4 of which related to implementation of LCS and SRA's Improvement Plan. Full details of all the Commissioner's targets, relating to these strategic priorities, are shown in Appendix 4.

The Commissioner therefore considered 9 of these targets, those relating to timeliness and quality, to be essential to improving the service being received by the consumer and the profession. While important in order to run an effective business, the 4 other target areas related to internal management of resources and the reporting of management information.

¹¹ www.lawsociety.org.uk/documents/downloads/CCS_ComplaintsPlan.pdf

An overview of the Strategic Priorities set by the Commissioner

Strategic Priority 1: Improving the speed with which complaints are handled by LCS and SRA.

The time taken to deal with a complaint is a major factor in the profession and consumer's perception of the service received. Historically, the Law Society has been too slow to respond to the needs of the users of its services. This has resulted in a requirement to chase progress, leading to a loss of confidence in the Law Society's capability to resolve cases effectively. The OLSCC has helped it to identify where the improvements need to take place but it is up to LCS and SRA to take action to make the necessary changes.

In 2004, the Law Society had 1,393 cases over 12 months old and 536 cases over 18 months old. The Commissioner considered that given the majority are straightforward service complaints, this was unacceptable. The Commissioner believed the Law Society was in a position to make further improvements by having only a very small number of older complaints. She also believed it was important for the Law Society to focus on both closing new cases quickly, and completing existing cases that have already been open for a significant time.

Strategic Priority 2: Improving the quality of complaints handling by LCS and SRA.

Timeliness must be balanced with quality; getting quality right will provide both the consumer and the profession with a fair and transparent conclusion to a complaint. It is important that LCS and SRA work towards improving the quality and consistency of their decision making on complaints. The Commissioner therefore built on the quality target used in the previous year and extended this to capture the end-to-end process for complaints handling, setting quality targets in six key areas requiring improvement. In the absence of other proposals received from LCS and SRA, she set the targets against their own service standards. If achieved, she expected LCS and SRA to be in a position to provide greater improvements for their service users, particularly in the areas of decision making and assessment of cases at the outset. This approach, she felt, recognised the need to continually strive to improve services and, the poor background from which LCS and SRA was starting.

Strategic Priority 3: Implementing LCS and SRA's agreed Plan.

The Commissioner considers that successful delivery of LCS and SRA's Improvement Plan, which covers how they will achieve the targets she has set, is also key to bringing about the improvements needed to move complaints handling closer to being effective and efficient. The Commissioner therefore measures LCS and SRA's capability as organisations, which includes effective delivery of their work programme and utilisation of their budget and resources, to enable them to successfully take forward delivery of their Improvement Plan. In the longer-term she is encouraging LCS and SRA to improve their efficiency to ensure they provide a value-for-money service. In 2006/07, LCS and SRA report that they spent £35.4m and closed 20,364 complaints. Therefore, their current cost of handling a written complaint is approximately £1,700 ¹²

Key Performance Indicators

At the time of setting her targets for 2006/07 in December 2005 the Commissioner also set a number of Key Performance Indicators (KPIs). These are measures used by her Office to assess the effectiveness of a particular process, system or service provided by LCS and SRA and serve to support the targets she has set. The KPIs can also be used to identify areas, which may be set as targets in the future. The Commissioner is aware that there are many aspects of performance for which targets could be set, but has chosen to set a small range of targets in phases that are manageable and sustainable. The KPIs are listed in Appendix 4.

The Commissioner's recommendations

The Commissioner's powers also enable her to make recommendations to LCS and SRA, in areas that she believes would improve complaints handling if acted on. Over the past 3 years her recommendations have covered a broad range of areas, from the collection of diversity information on the people using LCS and SRA's services to how LCS and SRA manage change to the operation of their processes. The Commissioner is keen to ensure their services are accessible to all. The Commissioner usually makes her recommendations following audits undertaken by her Office. These audits might look at particular themes

¹² Calculation based on the Law Society's LCS and SRA actual expenditure in 2006/07 of £35.4 million against actual closures totalling 20,364 complaints.

she has concerns about, for example the application of a policy, or they might be more wide ranging and assess how a large sample of cases have been managed to enable year-on-year comparisons in performance. The findings from these audits are crucial in enabling her to identify areas where improvements are necessary and where targets may need to be set in future. The Commissioner's recommendations for 1 April 2006 to 31 March 2007 covered the following areas.

They:

- identified where the main areas of delay were in the Law Society's handling of complaints and recommended that these areas be targeted and reduced;
- recommended that the Law Society bring in timescales for how long it should take caseworkers to write reports, an activity which the Commissioner's audits have found that caseworkers delay undertaking;
- recommended ways in which the Law Society could improve the quality of cases through increased checks;
- identified ways to stem the flow of complaints into the Law Society through improved complaints handling at the solicitor level.

When the Commissioner recently wrote to LCS and SRA about their progress against the 2006/07 Improvement Plan, the Commissioner noted her views on progress against the recommendations. This summarised that:

"the picture on the recommendations is mixed, and I remain concerned about the lack of action being taken against some of my recommendations, where sometimes no action is taken or action is promised but there is little evidence of implementation."

The Commissioner will be revisiting those areas where there has been no, or little, progress, to consider setting them as targets in the future.

The recommendations the Commissioner made in the period 1 April 2006 to 31 March 2007 are detailed in Appendix 4 and there is a later section in this report, at Chapter 3, giving more detail on the OLSCC audits and their findings.

LCS and SRA's Performance against their Plan 1 April 2006 to 31 March 2007

Having agreed an Improvement Plan, the Commissioner needed to monitor LCS and SRA's performance against this Plan. This would enable her to build up a picture of progress and inform her end of year assessment on whether they had handled complaints in accordance with their Improvement Plan, and if not, whether to levy a penalty.

As part of the plan process, the Commissioner informs LCS and SRA at the beginning of the plan year what factors she would take into account in coming to a decision on whether they had handled complaints in accordance with their Improvement Plan.

These factors included:

- how many of the Commissioner's targets are missed, how close LCS and SRA are to achieving them, and how they have performed on the other targets;
- the volume and nature of cases that LCS and SRA have dealt with compared to the numbers expected in the Plan;
- progress made in implementing the improvement initiatives in the Plan;
- whether the resources envisaged in the Plan have actually been deployed;
- whether there is any evidence that LCS and SRA are making all reasonable efforts to carry out the Plan in a committed and positive way;
- any representations made by LCS and SRA; and
- evidence and information from OLSCC audit activity.

The Commissioner also informed LCS and SRA that in coming to a decision on their handling of complaints for 2006/07, she would take into account their progress in implementing any of her recommendations. The Commissioner stressed that it is important for her to see evidence of improvements against these recommendations, rather than general assurances of change. In the past, LCS and SRA has assured the Commissioner that improvements have been made but subsequent audits by her Office have found, in some, that this is not the case.

LCS and SRA's Performance against the Commissioner's targets and the Commissioner's provisional decision

Performance information to date for LCS and SRA for the period 1 April 2006 to 31 March 2007 shows that they have missed 4 of the 6 quality targets included within their Improvement Plan. A decision is pending on one of the timeliness targets.

This was disappointing, and the Commissioner has to make a decision on LCS and SRA performance against their 2006/07 Improvement Plan. In taking this decision, the Commissioner provides LCS and SRA with an opportunity to make representation to her, to help ensure that she is aware of all the information on which to base a reasonable decision. At the time of writing this report the Commissioner has presented LCS and SRA with her provisional views on their performance against the 2006/07 Plan, and they have been offered the opportunity to provide representation to her before she comes to her final decision. Her provisional decision is that they have not handled complaints in accordance with their Plan.

In her letter of 12 June 2007, in which the Commissioner let LCS and SRA know this decision, she summarised her view as follows:

"In general, there has been mixed performance against the Plan this year. I welcome the improvements in timeliness, and the effort that has gone into achieving this, which is good news for the consumer... However, any improvements in timeliness have to be viewed within the context of a poor performance in some of the quality areas, and the Law Society's late response in dealing with those areas where it was clear that performance might not meet the target levels I set. I consider that the quality of complaints handling is key to the effective handling of complaints, and it concerns me that complaints are not being handled in line with the Law Society's own processes. It is important that quality accompanies timeliness, and this failing impacts on the service being provided to the consumer and the profession."

The Commissioner's Timeliness targets

The Commissioner set LCS and SRA three timeliness targets for the period 1 April 2006 to 31 March 2007.

- One of these targets set a maximum for the number of cases which LCS and SRA should have left at the end of the year that have been open 15 months or more.
- Two of these targets continued the theme from the previous year in which the Commissioner required a certain percentage of cases to be closed within specified timebands – 3 and 12 months.

Of these 3 targets, LCS and SRA met 1, exceeded 1 and a decision is pending on the third.

Despite the pending decision the Commissioner let LCS and SRA know at the end of the year that:

*"while further improvement is still required, this is positive... and provides a strong foundation for achievement of the target set for 2007/08 to have no cases over 12 months old (except a small number of redress conduct cases)."*¹³

¹³ Extract of a letter from the Commissioner to the Law Society dated 12 June 2007

Timeliness target T1 - by the end of March 2007, to have no more than 65 cases that have been open for 15 months or more

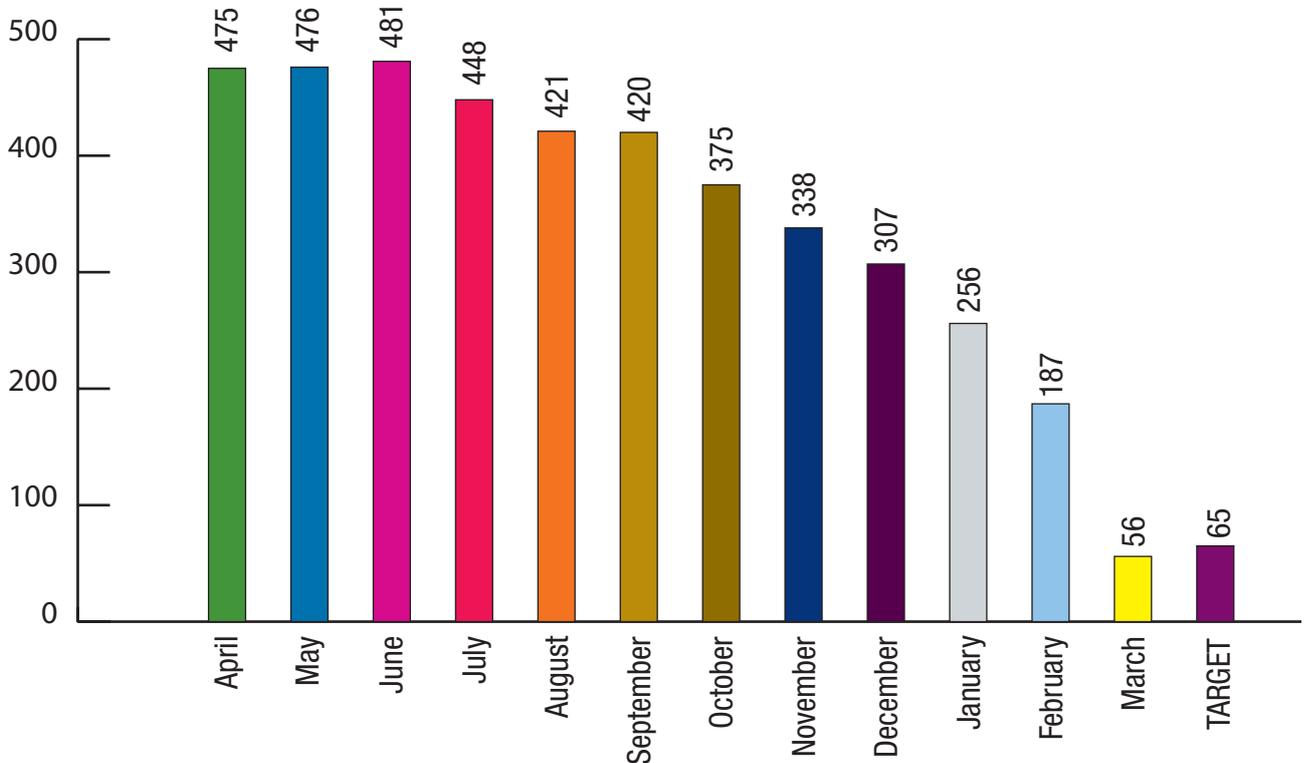
When the Commissioner indicated her intention to set a specific target for LCS and SRA to have no cases over 15 months old by the year-end, 31 March 2007, LCS and SRA reported they felt that this target would not be possible. Instead, they suggested that they might be able to reduce the number of their over 15 month old cases to 350.

The Commissioner took LCS and SRA's views into account, although they did not show to her satisfaction why that number of cases would take longer than 15 months to conclude. These cases were, in the vast majority, straight forward complaints by consumers unhappy with the service provided by their solicitor. The Commissioner was prepared to accept that, to ensure cases were closed appropriately, a small number of cases (such as those relating to disciplinary or misconduct matters) might fall outside of 15 months.

For this reason she set the target that no more than 65 cases should be over 15 months at the year-end.

At the start of the year LCS and SRA had 486 cases which were over 15 months old, of which 338 were over 18 months old. The graph below shows the trend for the number of cases over 15 months old during the period from the end of April 2006 through to the end of March 2007. The Commissioner is pleased that these cases were significantly reduced in number. These are the cases where consumers have been waiting the longest and where renewed activity was urgently needed to bring them to conclusion. As can be seen from this graph, LCS and SRA met the target they originally proposed, to have no more than 350 cases over 15 months old, around 8 months into the Plan year. This highlights the importance of having someone external and independent of LCS and SRA with the appropriate statutory powers and sanctions to encourage them and ensure they stretch themselves to improve their service to their customers.

Total number of cases over 15 months old



With regards performance against this target, to have no more than 65 cases that have been open for 15 months or more by 31 March 2007, LCS and SRA reported to the Commissioner at the end of the year that they had 56 cases left open which were over 15 months old. Whilst this would have met the target set, the Commissioner's Office identified that a small number of cases could have been inappropriately closed by them during the last 3 months of 2006/07, which means that the target could have been missed. At the time of writing this Report, the Commissioner is awaiting LCS and SRA representation on this issue.

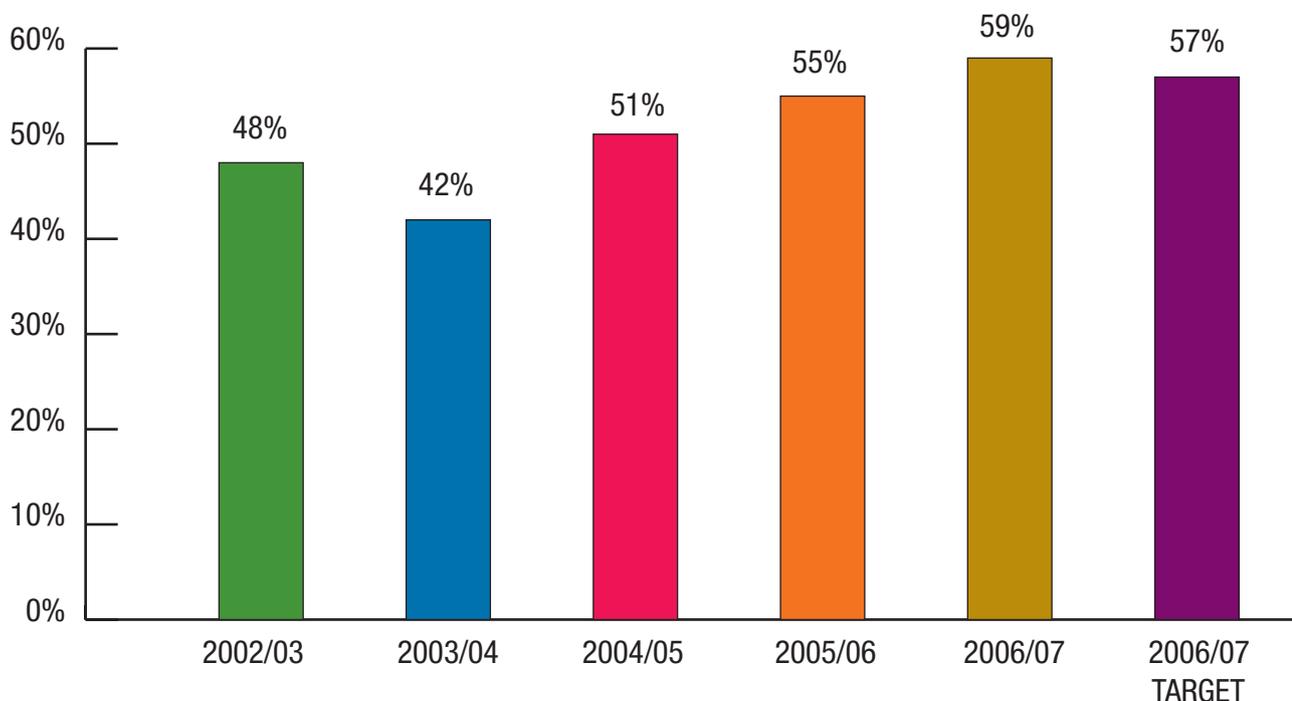
Despite this, the Commissioner considered that effort was made to achieve this target and was pleased that consumer complaints were now being handled more quickly.

The Commissioner's Timeliness target T2 - 57% of cases are closed within 3 months of opening

At the start of this Plan year the Commissioner was keen to see LCS and SRA become more efficient at closing their newer cases and set them a target for the percentage of cases which they should close within 3 months.

- LCS and SRA have closed 59% of their cases (11,988 cases) within 3 months during April to March 2007, compared to 55% of their cases (10,280 cases) during April to March 2006. This improvement means that an additional 1,708 consumers had their complaint closed within 3 months.

Cases closed within 3 months



Building blocks to Improvement: The Commissioner's Targets and LCS and SRA's Improvement Plan and Performance

The Commissioner is pleased to report that there has been a consistent improving trend in the number of complaints closed within 3 months since her appointment in 2004. The Commissioner will continue to set targets and ensure that appropriate straightforward service complaints are resolved quickly and appropriately. The Commissioner will work closely with LCS and SRA and encourage them to continue with this improvement and build on this performance during 2007/08.

The Commissioner's Timeliness target T2 - 94% of cases are closed within 12 months of opening.

When the Commissioner set the target that LCS and SRA should aim to clear 94% of their cases within 12 months, LCS and SRA reported that this was not possible and instead included a lower target of 92% in the version of their Improvement Plan which the Commissioner subsequently declared inadequate.

"I am of the strong view that the target set by me is reasonable and can be achieved by the Law Society. As previously explained the 2% difference would be achieved

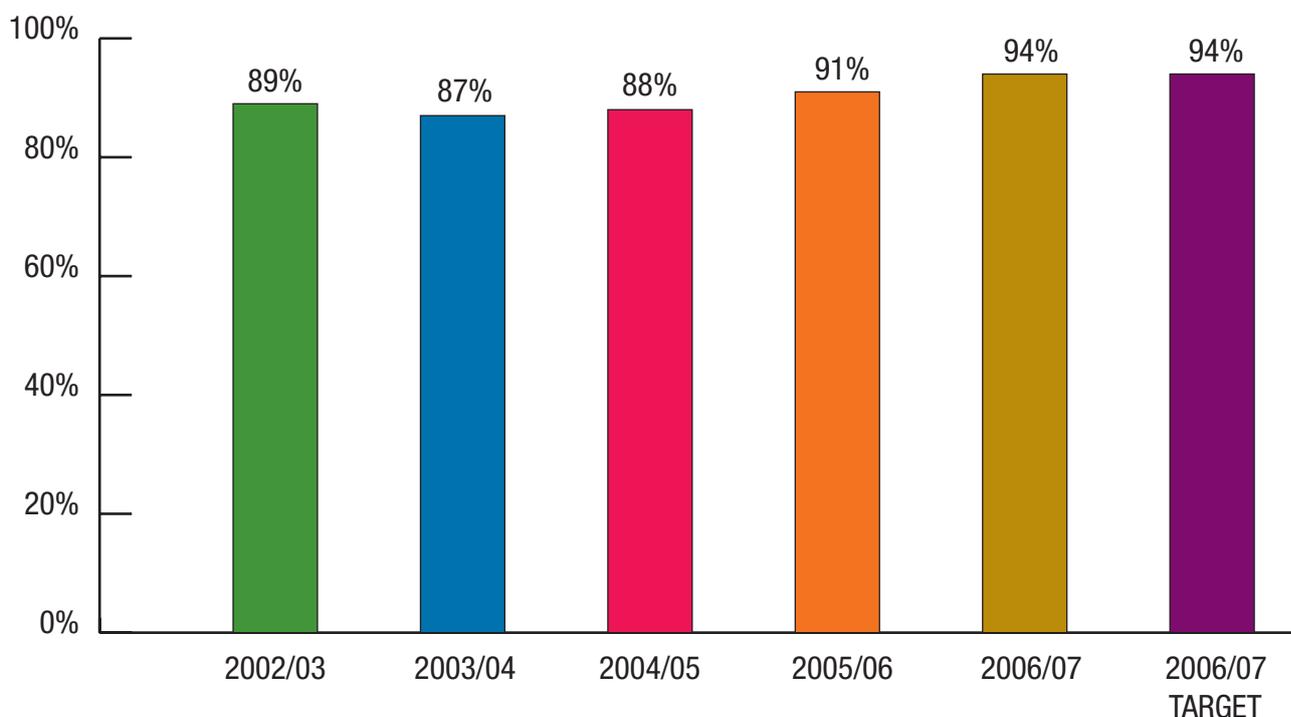
by the Law Society making an early intervention in just 400 additional cases; against case receipts in-year of around 20,000 this seems quite reasonable.

The Law Society has suggested that this would be difficult to achieve but has not provided sufficient evidence to demonstrate this or to show it is unachievable. It is a question of intervention and the Law Society managing its own workforce, to achieve a target within the Law Society's own control."¹⁴

In the Improvement Plan which the Commissioner later declared adequate, LCS and SRA included the Commissioner's target at the level originally set, and the Commissioner is pleased to report that during the period 1 April 2006 to 31 March 2007 LCS and SRA have achieved 94% of cases closed within 12 months.

N.B. The calculation for 2006/07 is based on cases received from 1 April 2005 to 31 March 2006 (inclusive) and which were closed within 12 months of opening.

Cases closed within 12 months



¹⁴ Extract of letter from the Commissioner to the Law Society dated 31 March 2006. Full text available at www.olscc.gov.uk

Quality of decisions

LCS and SRA have for some time agreed to develop suggestions on how they might measure quality, to inform the Commissioner's setting of appropriate targets in this area. Unfortunately, these have not yet materialised. For 2006/07 she therefore set them quality targets largely based on adherence to their own customer service standards. For example, if the standards stated that LCS and SRA would let a consumer know how their complaint was progressing every 30 days, then they should do so, thereby increasing consumer confidence in the service. The Commissioner wanted to monitor whether this was happening and to have targets which would encourage LCS and SRA to aim towards adhering to their own standards and, where possible, improve on these. The Commissioner's 6 quality targets set for LCS and SRA for 2006/07 are listed at Appendix 4.

Results against most of the Commissioner's quality targets can only be measured by the Commissioner's Office undertaking an audit of case files at the end of the reporting year, 31 March 2007. Her audit team ensures that its approach to the audit sample allows the Commissioner to draw conclusions with 95% confidence and at most a 4% margin of error that another sample would produce the same results.

This audit showed that LCS and SRA have missed 4 out of 6 of the Commissioner's quality targets and that they, in many instances, are not adhering consistently to their own policies and customer standards when dealing with complaints. Even though LCS and SRA exceeded 2 of the 6 targets, they have some way to go before the consumer and the profession receive a service consistent with internal standards. As the Commissioner's targets cover LCS and SRA's application of their own published policies, which the Commissioner would expect them to meet (basic level quality assurance), and are largely procedural in nature, the results are extremely concerning. The Commissioner has therefore had to re-set the same process based targets in 2007/08.

In writing to LCS and SRA about this performance, the Commissioner commented that:

"Of its 6 quality targets, the Law Society missed 4 and exceeded 2. The quality targets as they have been set in 2006/07 are intended to ensure that consumers receive a consistent service and are able to make the right decisions...This poor performance is particularly disappointing when considering the targets are based on the Law Society's own service standards and are largely procedural in nature. A consequence of this performance, as noted in my letter of 24 November 2006 when I set the targets for 2007/08, is that I have had to set similar targets."

Performance is as follows:

- **Quality target Q1** – LCS and SRA missed this target by a substantial margin. Their performance was 48.4% against a target of 80%, and despite a slight upward trend performance remained low throughout the year. The Commissioner views this as a significant failure. *Special payments are payments made by LCS and SRA to consumers to compensate for poor service received from them, for example, for delays in dealing with cases or losing paperwork.*
- **Quality target Q2** – This target was only missed by a narrow margin. A substantive response was provided to the consumer within 55 calendar days of receipt of the complaint, in 78.5% of cases, against a target of 80%. *A substantive response is one that accurately reflects all consumer issues, which are known at that time, specific to the consumer's circumstances and serves to progress the matter.*
- **Quality target Q3** – Performance was 61.9% against a target of 80%. The Commissioner considers this failure to be significant. This target is aimed at not only improving the communication received by consumers, but also to ensure cases receive some action to progress them at least once a month, or at key stages to reach early resolution. *This target measures whether LCS and SRA updated consumers and progressed their complaint on at least a monthly basis or at key stages during the complaint.*

- **Quality target Q4** – This target was exceeded. LCS and SRA achieved 81.7% against a target of 80%. This is positive. The Commissioner considers that the steps taken by LCS and SRA to ensure this was achieved have evidently made a difference, not only to the achievement of the target, but to the service being received by consumers. *This target measures whether LCS and SRA share appropriate guidance with consumers and solicitors at the relevant stage of the case, to ensure that consumers and solicitors can make an informed choice about any level of compensation to be agreed.*
- **Quality target Q5** – This target was exceeded. LCS and SRA achieved 97.6% against a target of 95%. The Commissioner was pleased that this means the consumer is receiving an improved service. *This target measures whether LCS and SRA have correctly understood the issues raised by consumers and whether they accurately reflect these back to the consumer.*
- **Quality target Q6** – This target, which provides an independent scrutiny of cases by the Legal Services Ombudsman, was missed. Performance was 68% against a target of 73%. The Commissioner was disappointed by this failure, which means that performance is only marginally better than in 2005/06 and proportionately represents a greater failure against the target level than that last year. *This target aims to improve the quality of decisions and monitors the number of referrals to the LSO in which the LSO upholds the handling of the case by LCS and SRA.*

This performance means that any improvements in timeliness have to be viewed within the context of an improved but still a poor performance in some of the quality areas. It is important that quality accompanies timeliness, and this failing impacts on the service being provided to the consumer and the profession.

Implementation of LCS and SRA's Improvement Plan

The Commissioner has also set LCS and SRA targets relating to the implementation of their Improvement Plan.

Their Plan sets out, for example, how much they will spend, the staff and resources they will need, and the activities they will undertake to improve their service and achieve the Commissioner's targets. While these targets are not as key to improving the experience of those who have complaints handled by LCS and SRA as the timeliness and quality targets, they are important to ensure that a business is being managed effectively. In the past, the Law Society has had problems in this area, for example in the utilisation of their resources.

The Commissioner's 4 targets in this area are as follows, and LCS and SRA have met 3 of these targets:

- **Target P1** – The total budget to support the delivery of LCS and SRA's 2006/07 complaints handling Plan is fully utilised in accordance with the Plan. *This target is not about encouraging LCS and SRA to spend money unnecessarily, but about ensuring that the available budget they say they need and have available to deliver their service, and any improvements, is used effectively. The Commissioner hopes that LCS and SRA will make improvements which will help ensure they become more efficient in the longer-term, and thereby reducing the budget they require in the future.*
- **Target P2** – All resources to support delivery of LCS and SRA's 2006/07 complaints handling Plan are fully utilised in accordance with the Plan. *In the past, LCS and SRA have reported that they have not had the levels of staffing they need to deliver their Improvement Plan. This target is designed to ensure that it has appropriate management systems in place to respond to its staffing requirements, identify shortfalls and undertake adequate recruitment.*
- **Target P3** – Priority initiatives to support the delivery of LCS and SRA's 2006/07 complaints handling Plan are delivered to time and cost in accordance with the Plan, and meet all related milestones and benefits to be realised. *LCS and SRA identify, in their Improvement Plan, any work which they believe is required to deliver improvements and meet the targets. Project management has been an area the Commissioner has identified as a weakness for them in the past, and this*

target is designed to ensure that improvement work is undertaken for the benefit of those using the LCS and SRA's service.

- **Target P4** – Progress against LCS and SRA's 2006/07 complaints handling Plan, the Commissioner's targets and supporting Key Performance Indicators is reported to the Commissioner by the 15th of each month. *This target is designed to ensure that the Commissioner receives full management information from LCS and SRA every month, to enable her to monitor trends and identify areas of concern or good progress.*

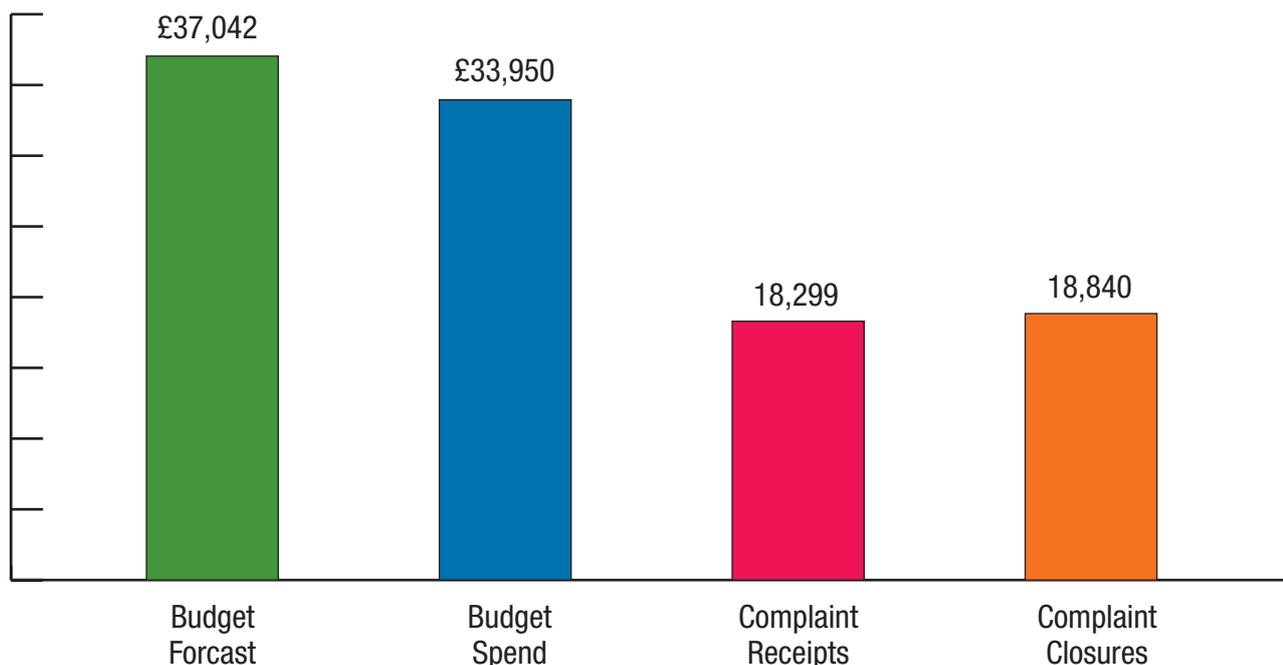
The Commissioner's Target P1 - LCS and SRA Budget

The Commissioner has been keen to see LCS and SRA expend every effort to improve the quality and speed of their service. LCS and SRA's 8.3% underspend in 2005/06, was in all likelihood, a contributing factor to their failure to achieve 4 out of 7 of the Commissioner's targets in 2005/06. In 2006/07, LCS and SRA were much closer to their planned expenditure – the budget shows that actual expenditure for the period April 2006 to March 2007 was 1.8% below the forecast spend of £36.057 million.

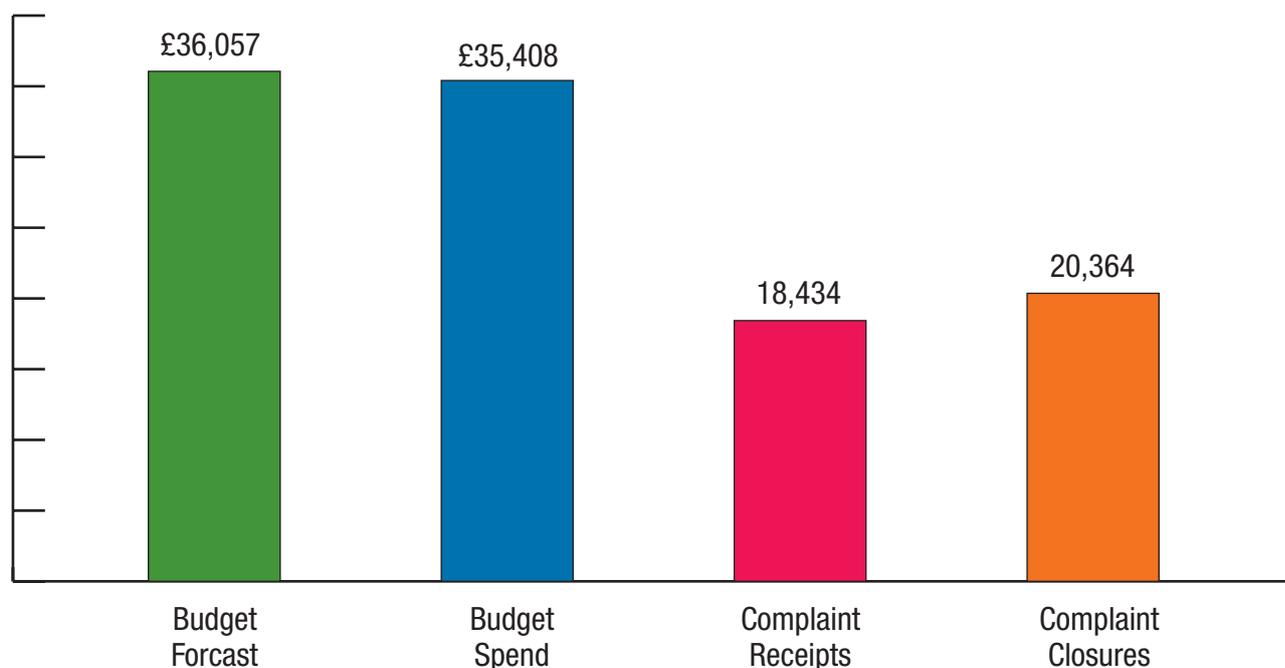
While this was positive, in terms of being an improvement to the way the budget was being managed, the Commissioner has a wider concern about the LCS and SRA's use of their budget. The LCS and SRA need to become effective and efficient and ensure that their budget is used appropriately, to deliver work that is required in the most cost-effective way, with areas of waste being cut-out. The Commissioner would like to see LCS and SRA challenge the efficiency of their casework and the value being added by their support services. If they were to do this, the Commissioner believes they would find areas of expenditure they could reduce or eliminate. This exercise is important for an efficient organisation to help with continuous improvement. Simply adding to the budget is not sustainable in the long run.

LCS and SRA spent £35.408m in 2006/07, an increase of £1.458 million from 2005/06. However, with this increase in resource, they received only 135 more complaints and closed 1,524 additional complaints in 2006/07 compared to 2005/06.

Comparison of 2005-2006 actual budget spend (in £millions) against complaint receipts & closures (in thousands)



Comparison of 2006-2007 actual budget spend (in £millions) against complaint receipts & closures (in thousands)



The Commissioner's Target P2 – Resources

In previous years, LCS and SRA have had less staff than they have stated they needed in their Improvement Plan. The Commissioner has commented extensively on this in the past and LCS and SRA again started the year with less staff than they projected they required in April 2006. During the year they took action to increase their staffing levels. At 1 April 2006 they had 386.6 full-time equivalent staff (FTEs) and by 31 March 2007 the total number was 426.6 FTEs, an increase of 40.

The Commissioner commented, in her letter of 12 June 2007, that:

“While it did not achieve the staffing levels listed in the Plan until September 2006, it had, on average slightly more staff over the year than it stated it would need. I believe this was a key factor in its achievement of some of the targets, particularly when considered in the context of a lower number of complaints being received by the Law Society than it forecast.”

In the same letter she went on to note that being staffed at the levels LCS and SRA stated they needed, despite receiving approximately 1,000 cases less than they forecast, *“should have provided significant spare capacity”* for LCS and SRA to manage its complaints in 2006/07.

The fact that LCS and SRA took a much more proactive approach to ensuring their staffing was at a level they considered to be adequate to deliver the Commissioner's targets is positive. However, the Commissioner is concerned that LCS and SRA should ensure they implement changes to become more effective and efficient at what they do, so that increased staffing levels are not required longer-term. Looking ahead to the future of legal services and the setting up of the new Office for Legal Complaints (OLC) it is envisaged that 80-90% of the Law Society's LCS's complaints handling staff will transfer to the OLC.¹⁵ Current inefficiencies need to be eliminated as they would not be acceptable in a modern complaints handling organisation.

¹⁵ PriceWaterhouseCoopers financial analysis undertaken on behalf of DCA to support the draft Legal Services Bill (published 24 May 2006)

Case study

In dealing with a particular complaint a caseworker decided, following the response from the solicitor that the case could not be resolved through the solicitor and consumer reaching agreement. The caseworker referred the complaint to the adjudicator. It took the caseworker over 12 months to produce the report for the adjudicator. The consumer chased the Law Society throughout for progress and complained about the delay. The consumer was unhappy with the amount offered by the Law Society SRA for its delay (£750). The consumer asked the Legal Services Ombudsman for a reconsideration of the complaint. The Ombudsman made a recommendation to award compensation of £1,300 for delay and £1,500 for distress and inconvenience.

The Commissioner's Target P3 - Improvement Projects

LCS and SRA included a number of initiatives in their Improvement Plan, which they believed would help to improve their performance in complaints handling and meet the targets set by the Commissioner. A full list of these is listed in Appendix 6. The Commissioner set a target designed to ensure that LCS and SRA effectively manage the implementation of these changes. In her provisional decision to LCS and SRA the Commissioner noted that she considered this target not met because the initiative which had been designed to help LCS and SRA meet their quality targets had failed.

During the Plan year LCS and SRA provided the Commissioner with a monthly progress report showing how they were implementing this work.

The Commissioner is particularly concerned that LCS and SRA failed to meet her quality targets despite undertaking all of the actions to improve quality they intended to during the year. She is concerned that when these actions seemed to be having little impact, LCS and SRA did not seem to readily consider what more or different activity they could be doing. The Commissioner wrote to LCS and SRA in October 2006 and said:

"The Law Society is now over halfway through the Plan year and it is important that it continues to monitor the impact of its initiatives, so that action can be taken where they do not seem to be on track to deliver the anticipated benefits. The baseline report, the monthly management information and the internal quality audits seem to indicate that...[projects]...are currently making only limited or no impact on performance."

The Commissioner found this disappointing, as she would have expected them to have taken positive action earlier when they realised they were unlikely to meet her quality targets. One of the Commissioner's concerns has always related to how effectively change is managed at LCS and SRA and how they undertake work to identify which actions will deliver improvements. While there has been some improvement this year with LCS and SRA implementing basic methods to try and understand the impact of their actions, their projects still included an unnecessary level of work which had to be cancelled during the year. This was either because it overlapped with action being taken in other projects or because it was decided it would not add value. In addition, LCS and SRA do not yet have a clear strategy for identifying which actions have provided them with the most benefits and should therefore be prioritised. For next year LCS and SRA have reported that they will be investing further in their approach to managing the delivery of change and improvement, and the Commissioner will be monitoring this to assess the impact.

To support this, the Commissioner has made a number of recommendations to LCS and SRA about their project management and assurance practices, which she will require LCS and SRA to implement. In her letter to LCS and SRA of 24 November 2006 she said:

"Because of the concerns I continue to have about the way in which the Law Society handles the development and implementation of its change initiatives, I am proposing a set of recommendations. I believe these recommendations if addressed should improve current areas of weakness."

Case study

In a residential conveyancing case the caseworker failed to make any contact with the solicitor for two months. Once formal contact was made with the solicitor a series of reminder letters from the caseworker and extension requests by the solicitor ensued. After more delay by the solicitor and 7 reminder letters by the Law Society caseworker the case was temporarily closed 10 months after the complaint was received and without being resolved. The delay on this case could have been reduced had the caseworker threatened to use the disciplinary powers available to the Law Society to progress the matter.

These recommendations are that they should:

- ensure that they have consistent guidelines for their project managers to ensure that all changes are managed in a structured and controlled way;
- better assess the feasibility of their improvement work before inclusion in their work programme and also before implementation commences;
- improve their use of evaluation techniques, to ensure they understand where their change work has resulted in improvements and where they need to do more; and
- undertake detailed impact analysis of the changes to be implemented.

The majority of LCS and SRA's initiatives for 2006/07 were made up of small-scale changes, which could be considered business-as-usual work, such as sending out a new form or improving access to stationery. For the 2007/08 Plan, the Commissioner has ensured that only that work which should be designated as an initiative is recorded as such, to reduce the need for unnecessary project controls for small-scale changes.

LCS and SRA's activity to achieve the Commissioner's targets

LCS and SRA's complaints handling Plan for 2006/07 stated that achievement of the Commissioner's targets would be ensured through various activities, which would:

- improve the number of cases being closed by each caseworker (their productivity);
- reduce delay from their processes;
- increase staff adherence to processes; and
- involve bringing in more staff.

These actions were largely split by LCS and SRA into those that they believed would help them meet the timeliness targets set by the Commissioner and those they believed would help them meet their quality targets. For example, to help meet the Commissioner's quality targets LCS and SRA reported that they intended to undertake communication activity to raise awareness about the targets, audits of cases to check where improvements are required and work to improve processes so that quality could be embedded throughout.

The following section summarises some of the work undertaken by LCS and SRA to try and meet the Commissioner's targets.

A team of caseworkers focusing on the oldest cases

LCS and SRA used some of their most experienced caseworkers to focus them on the oldest cases where the consumer may be eligible for redress. The team started in July 2006 with 6 staff, which increased to 11 staff by December 2006, and during the year it closed 189 of LCS and SRA's oldest cases. LCS and SRA has proposed to continue with this approach to further reduce their oldest cases in 2007/08, although they have stated that they will not maintain this approach longer-term. The Commissioner was pleased to see this effort being put into clearing the oldest cases.

Adjudication

Historically, one of the main delays in LCS and SRA's processes has been when the consumer and solicitor fail to reach agreement to resolve the complaint and where it therefore needs a formal decision from an adjudicator within LCS and SRA. It is known from the Commissioner's audits that caseworkers delay writing the reports required to send a case to the adjudicator for significant periods of time.

The Commissioner made a recommendation that LCS and SRA should consider introducing a timescale, to ensure caseworkers do not delay too long on this part of the process. However, LCS and SRA stated that this was not necessary. Given that the Commissioner's audits continued to show this as a problem she has since set this as a Key Performance Indicator for next year, in order to enable her to track and monitor progress.

While LCS and SRA have not actioned this recommendation, the Commissioner is pleased that they did make some other improvements to their adjudication process. For example, they reduced delay in the process for writing up the outcome of adjudication meetings. They have reported that this has resulted in the process operating more efficiently now than at the start of the year.

Productivity

LCS and SRA included an initiative in their programme of work to look at individual teams and find ways of improving their productivity through improvements in office layout or processes. In general, these changes have been small in scale, such as ensuring access to refreshments nearby or access to photocopiers, but LCS and SRA were confident that these small changes would help to improve overall productivity. At the end of the year LCS and SRA reported that this approach had improved the productivity of the team involved in this work by just over 1 case a month. Given the average cost per written complaint, and to ensure that LCS and SRA provide value for money as an organisation, the Commissioner wants to see significant improvements in productivity made and sustained across the whole of complaints handling. Her Office will be specifically tracking this over the coming year.

Solicitor response time

The Commissioner's two Annual Case File Audits¹⁶ have found that LCS and SRA caseworkers are not robust enough in obtaining responses to their letters from solicitors, despite repeated assurances from LCS and SRA that this area has been tackled. This can lead to more unnecessary delay for the consumer.

The Commissioner is keen to ensure that LCS refers appropriate matters to SRA and that SRA uses its

disciplinary powers where the minority of solicitors let the profession down. Allowing the solicitor to miss deadlines contributes to delays experienced by the consumer.

LCS and SRA did undertake some work in 2006/07 to reduce delay in this area, but they provided limited analysis on its impact. The Commissioner's Annual Case File Audit 2006 found that in some instances deadlines for responses were not being set and where deadlines were set, but were missed, few caseworkers used the formal powers available to them to take action against the solicitor. This is particularly disappointing as the Commissioner wrote to LCS and SRA about this issue in September 2004 and was assured that they were making improvements. This area needs to be addressed as a matter of urgency and the Commissioner has obtained a commitment from LCS and SRA that they will tackle this area in their 2007/08 Plan, along with details showing how they will achieve this.

Communication

LCS and SRA undertook communication activity throughout the year to raise awareness of the Commissioner's targets. This included talks at team meetings and the use of posters in the offices setting out the targets. However, they reported later in the year that one of the reasons performance against the Commissioner's quality targets was low was that caseworkers did not fully understand what was required in order to meet them. This is particularly concerning, given that the Commissioner's targets were based on LCS and SRA's own service standards. The Commissioner is pleased that LCS and SRA have learned from this experience and reports that they have been able to more effectively raise awareness about the Commissioner's new targets for 2007/08 before the start of the Improvement Plan year.

Auditing

LCS and SRA undertook their own audits of cases throughout the year to assess progress and identify areas for improvement. The Commissioner is concerned that while their internal audits found performance to be consistently low over the year, the activities resulting from the audits by the internal audit teams do not seem to have resulted in any significant improvement in some areas. These audits gave LCS and SRA an indication that performance on all of the target areas was poor throughout the year and that

¹⁶ Annual Case File Audit 2005, published November 2005 and Annual Case File Audit 2006, published September 2006, available at www.olscc.gov.uk

they should be considering what extra or different work they should be trying in order to improve the effectiveness of their feedback to the caseworkers.

For next year, LCS and SRA intend to undertake more intensive auditing and greater individual feedback (instead of more general team feedback), which they believe will result in an improvement in this area. They will also be automating a lot of the requirements of the Commissioner's quality targets through the use of their new Information Technology systems. If these actions result in increased consistency with their own service standards, then it will be a good thing for the consumer and would begin an important cultural change.

Special payment policy

LCS and SRA revised their special payment policy, which is the policy that covers the compensation paid to consumers for the poor handling of their case by LCS and SRA. Historically, the Commissioner's audits found that this has been applied inconsistently from one caseworker to another. The inconsistent application of this policy led the Commissioner to set a quality target on their application for 2006/07. LCS and SRA missed this target by a substantial margin. Their performance was 48.4% against a target of 80%, and despite a slight upward trend performance remained low throughout the year. The Commissioner viewed this as a significant failure. She said, in a letter of 12 June 2007:

"I made recommendations concerning the application of the special payment policy as far back as July 2005, when I was advised by the Law Society that, amongst other things the policy has been revised and the manager of the quality section is holding workshops with all Team Managers and will be emphasising the importance of full record keeping on decisions to make payments. Nearly two years after this recommendation was made, and despite the Law Society reporting that these actions were implemented, there is still no certainty that consumers are receiving the special payments to which they may be entitled."

LCS and SRA have reported that the revised policy is easier to apply and is more in line with the requirements of the Legal Services Ombudsman. Unfortunately, this policy was

only brought in towards the end of February 2007, and so had limited impact on the application of the special payment policy in 2006/07. The Commissioner welcomes the improvements LCS and SRA are making for consumers. However, she considers that this in itself is not sufficient. What is more important is that LCS and SRA improve the level of service they provide to consumers in order to avoid the need for making special payments.

Performance Management

LCS and SRA have developed a new system of reviewing cases, aimed at improving performance. This involves reviewing 6 files per caseworker over the year and scoring them on the basis of achievement of the Commissioner's targets and technical ability. They rolled this out in the part of their operations that manages their telephone contact centre from September 2006 and, in the part that handles the bulk of more complex redress complaints from April 2007, two months later than planned. The Commissioner is pleased that LCS and SRA are aiming to improve the feedback given to caseworkers, as it is clear from previous work that general team feedback has not resulted in improvements. Unfortunately, this was implemented too late to have had much of an impact on performance within the complaints centre in 2006/07, but the Commissioner will be interested in understanding its impact in the following year.

Opening hours

One of the actions that LCS and SRA has undertaken this year is to improve the accessibility of their service by increasing their opening hours. The helpline is now available between 8am and 6pm rather than 9am to 5pm. The Commissioner is pleased that work is underway to ensure customers have greater flexibility about when they can access the service. However, she has encouraged LCS to consider some weekend opening, which would ensure much greater accessibility for some consumers.

LCS and SRA Annual Customer Satisfaction Survey

It is important for any organisation which provides a service to be measured by the satisfaction of the users of that service and the Law Society measures this via feedback forms sent to those who have used its service. However,

the Commissioner is interested not only in the findings from LCS and SRA's questionnaires, but also in the overall consumer experience. She therefore welcomed the findings of the annual customer survey which LCS and SRA undertake of both consumers and the profession. These were carried out by independent organisations.

After reviewing the findings the Commissioner responded to LCS and SRA on a number of issues which impacted on both the consumer and profession. For example, the Commissioner was pleased to note that an action plan had been developed to address areas of concern. Some of the areas to be addressed over the following year include raising awareness with solicitors of the importance of good customer service and a review to be undertaken to understand better why both solicitors and consumers may not always be happy with the conciliated outcome yet agree to go ahead. A further review to be conducted later is intended to assess the impact of any changes made. The Commissioner looks forward to understanding the benefits gained for consumers as a result of the changes.

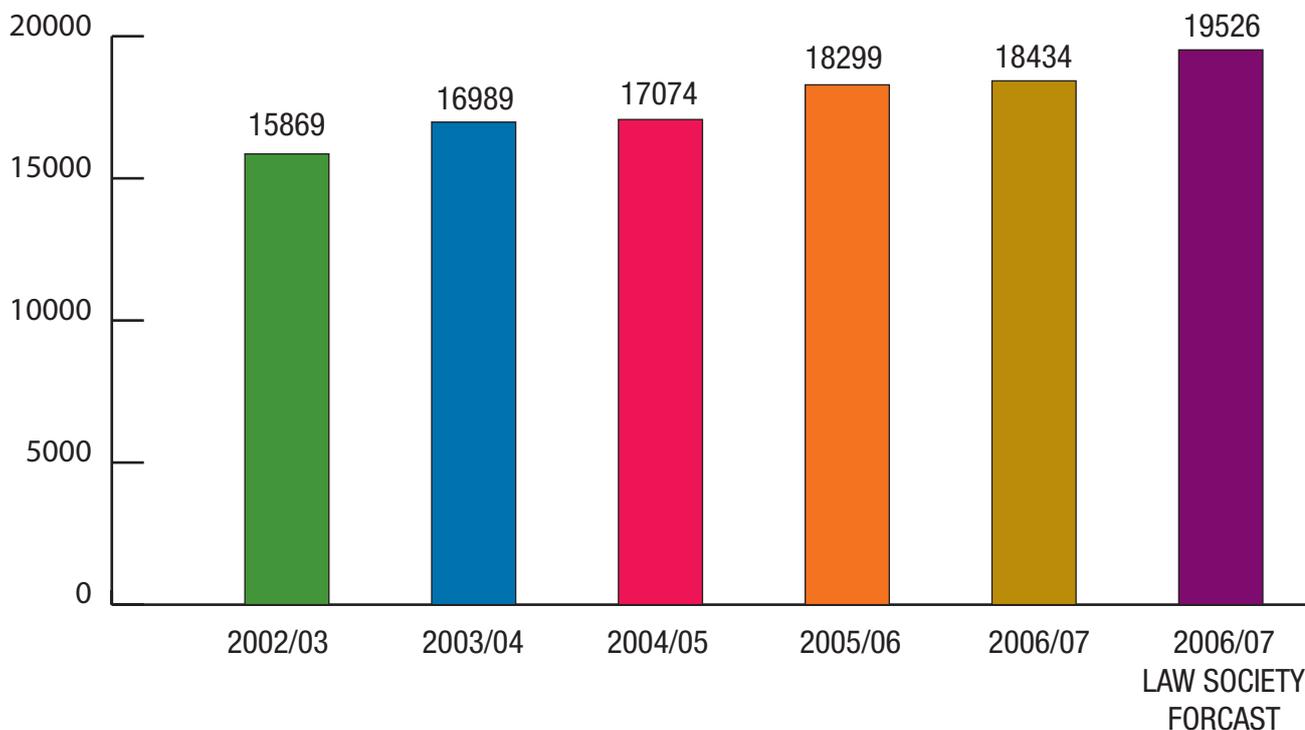
LCS and SRA's operating environment

Number of complaints received

During the period 1 April 2006 to 31 March 2007, LCS and SRA received 18,434 new complaints, 5.6% (1,092 cases) below their forecast of 19,526 and on which their Improvement Plan was based. This is similar to the number it received the previous year – an increase of 135 cases. Receiving over 1,000 cases less than forecast should have provided significant spare capacity for LCS and SRA to manage their work against their 2006/07 Improvement Plan.

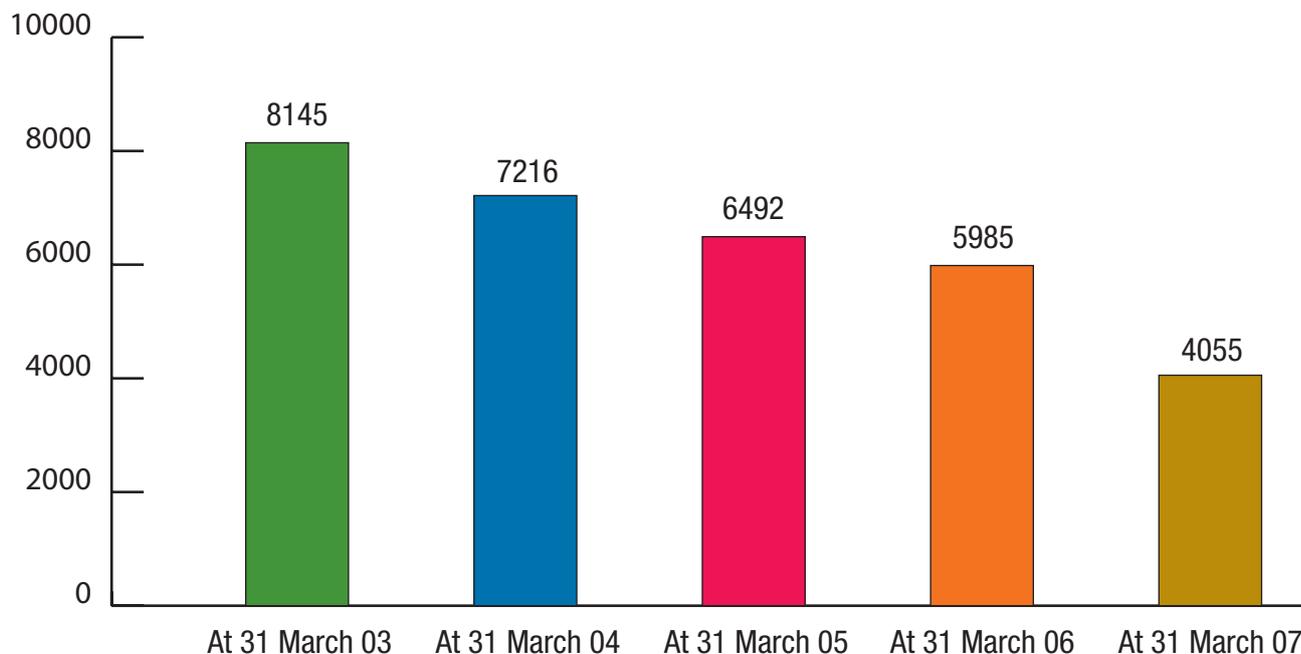
On 1 April 2007, LCS and SRA had 4,055 cases outstanding. This was the number of complaints that LCS and SRA had not yet concluded. This figure is a reduction of 1,930 cases (32.2%) on the number at 1 April 2006 (5,985), which is positive. Since the Commissioner's appointment in February 2004, the number of cases outstanding has decreased each year.

Case receipts



Building blocks to Improvement: The Commissioner's Targets and LCS and SRA's Improvement Plan and Performance

Comparison of live caseload March 2003 to March 2007



Number of complaints closed

Performance information shows that LCS and SRA closed 20,364 complaints during the period 1 April 2006 to 31 March 2007. This is 484 cases below their forecast, which raises concerns about the efficiency of LCS and SRA at handling their complaints, given they had the staff numbers they reported they needed to close the additional 484 cases, and received over 1,000 cases less than forecast.

In 2005/06, 21% (3,957) of the 18,840 cases LCS and SRA closed were closed quickly and with minimal involvement required. During 2006/07 the number of cases capable of being closed quickly has increased to 4,137, which is 20.3% of the total cases (20,364) closed. This means that at least a fifth of all cases received by LCS and SRA are the type of cases that can be closed with no investigation and very little effort.

Category of closure	2005/06	2006/07
Complaints outside Law Society jurisdiction	747	940
Resolved without Law Society intervention	223	216
Withdrawn by consumer	721	717
Within jurisdiction of Law Society but investigation declined	1,688	1,499
Referred back to original solicitor under practice rules	578	765
Total	3,957	4,137
Total closures	18,840	20,364

Unallocated cases

These are cases that have not yet been assigned to a caseworker to deal with. At the end of March 2006 there were 1,183 unallocated cases, which represents 19.8% of the cases which LCS and SRA had to deal with. The Commissioner is pleased that the number of unallocated cases has fallen significantly during 2006/07 and stands at 500 at the end of March 2007, a reduction of 683 cases. This is very encouraging and the Commissioner's targets have been developed in order to ensure that cases continue to be progressed once allocated.

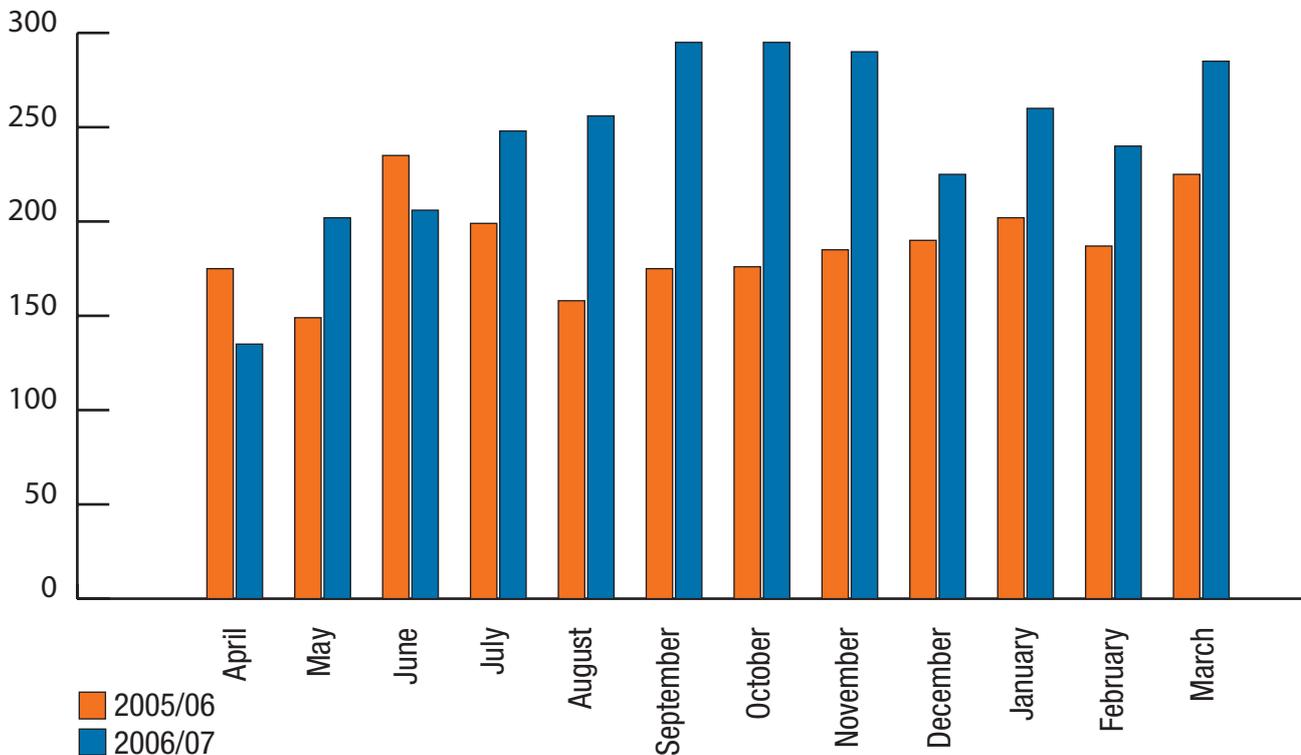
Outsourcing

LCS and SRA outsource some of their more straight-forward complaints to solicitors' firms to deal with. The Commissioner can see the benefit of having the flexibility for outsourcing as a short-term measure to reduce the number of total cases but has encouraged LCS and SRA to take a longer-term view on their use and to reduce their

reliance on outsourcing. She has therefore been pleased that LCS and SRA have committed to reducing their use of outsourcers. This has included removing the commitment to send a minimum number of cases to outsourcers.

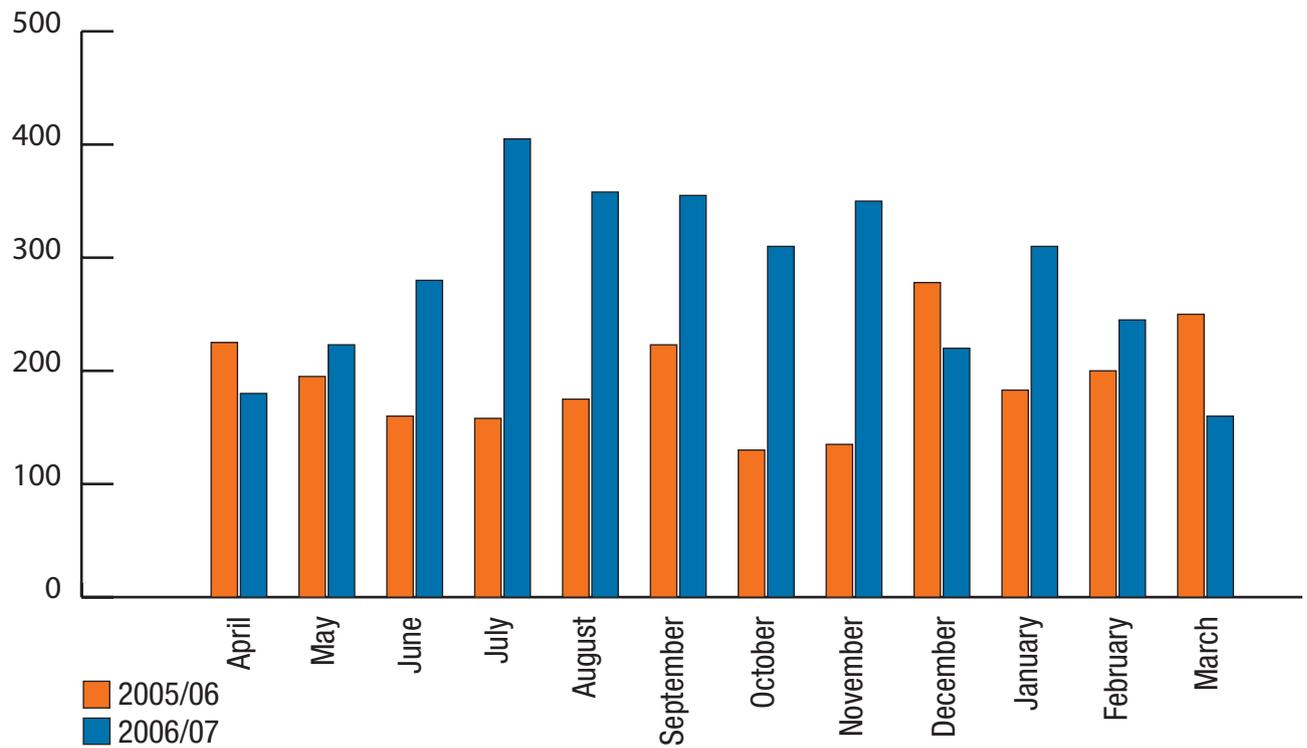
Another aspect of outsourcing that has concerned the Commissioner is that not all consumers were given the opportunity to state a preference for having their complaint handled internally by LCS and SRA or having it outsourced to a solicitor firm.¹⁷ Following audit findings and intervention by the OLSCC, LCS and SRA have now confirmed that consumers whose cases are eligible for outsourcing are first sent a letter explaining that their complaint will be handled externally by the outsourcing firm. Consumers who would prefer not to have their complaints outsourced are given the opportunity to request that they are handled by LCS and SRA. The Commissioner is pleased that this ensures the consumer has a choice.

Files closed by outsource firms during April 2005 - March 2007



¹⁷ The Commissioner's Annual Case File Audit, published in November 2006, found that 51% of cases were outsourced on the same day as the consumer was informed

Files sent to outsource firms during April 2005 - March 2007





Chapter 3

The Commissioner's Audit Findings



Chapter 3

The Commissioner's Audit Findings

Audit Activity

The Commissioner's Research and Investigations team undertakes audits and investigations selected on a number of factors, including:

- concerns raised by consumers and other stakeholders;
- LCS and SRA's management information;
- their performance against the Commissioner's targets; and
- concerns raised from previous audits undertaken or from on-site visits and discussions.

In 2006/07 the Commissioner's Research and Investigations team undertook 8 audits which involved reviewing in excess of 4,300 files.

The audits undertaken were:

- Coal Health Compensation Scheme Audit
- Renumbering of Files Audit
- Annual Case File Audit
- Indicative Target Audit
- Adjudication Audit
- Redress Conduct Audit
- Negligence Audit
- The Law Society Year End Target Audit

Copies of these audit reports including findings and recommendations are available at www.olscc.gov.uk

A forthcoming report summarising all audits undertaken by the Commissioner's Office to date will provide an overview of the purpose of each audit¹⁸. It will identify the key findings and recommendations in auditing action taken by LSC and SRA to address these.

¹⁸ Will be available in summer 2007 at www.olscc.gov.uk



1,060 files were reviewed in October 2006 by the Commissioner's Office in order to provide both LCS and SRA with an indication half way through the year of how well they were performing against the quality targets set by the Commissioner. The results showed that LCS and SRA at that stage of the year were not meeting any of these targets.

A further 1,462 files were reviewed in April 2007 to establish a final and definitive assessment of LCS and SRA's performance against the Commissioner's quality targets. The Year End Target Audit results show that LCS and SRA failed to meet 3 of the 5 quality targets that were measured by this audit. This is concerning as these targets cover LCS and SRA's own published policies. The results show that, over the Improvement Plan year 2006/07 LCS and SRA have not adhered consistently to their own policies and customer standards when dealing with complaints in respect of:

- The handling of special payments to consumers for distress and inconvenience caused by LCS and SRA themselves;
- Providing a substantive response to the consumer within a reasonable timescale that addresses their specific issues and progresses the matter; and
- Ensuring regular contact takes place to update the consumer on progress of their complaint.

The other audits undertaken looked at specific policies, such as the renumbering of complaints, or processes, such as adjudication, to establish appropriateness and consistency in their application by LCS and SRA. These audits tested the understanding of LCS and SRA policies through interviews with their caseworkers and team managers, as well as by reviewing relevant casefiles. As in previous years, the Commissioner's Research

and Investigations team also carried out an Annual Casefile Audit, gathering data across a large number of casefiles to assess progress by LCS and SRA on a range of areas from one year to the next.

These audits concluded that whilst both LCS and SRA have made improvements in timeliness, there are shortfalls in the quality of investigations and adherence to their own policies. There is also inconsistency in caseworkers' understanding of the policies operated by LCS and SRA and some of the explanations their caseworkers provide to consumers, resulted in those consumers not receiving relevant information or the quality of service they should expect.

The audits are used by the Commissioner to enable her to make recommendations for LCS and SRA, aimed at helping them to improve their complaints handling. When she makes recommendations, the Commissioner requires LCS and SRA to identify what action they will take to meet them and consequently, she can monitor the implementation of this action via follow-up audits and management information. Some of these recommendations have resulted in actual or planned improvements for the consumer. For example, following one of the Commissioner's recommendations, LCS and SRA are now planning to publicise the complaint records of solicitors to improve the information a consumer can use to enable them to choose a legal provider. Also, service standards have now been published so that consumers know what service they can expect from LCS and SRA.

Key findings from the audits

Inconsistencies in LCS and SRA's approach to Coal Health Compensation Scheme cases

In her last Annual Report, 'Actions Not Words: Consumers Matter'¹⁹, the Commissioner reported that she wanted to be assured that miners were receiving equal and consistent treatment from LCS and SRA regarding complaints made about solicitors who had represented them in claims covered by the Coal Health Compensation Scheme. This audit was undertaken in April 2006 when 282 cases were audited but the findings were not published until after last year's Annual Report was printed.

The audit found that LCS caseworkers did not always investigate fully complaints about inadequate professional service, despite policy guidelines that stated that they should do so. Whilst this appeared to be largely what the miners wanted at the time, it did not reflect the policy that it should have been operating. LCS caseworkers should have fully informed miners of the options available to them and explained that this included a full investigation of the service provided by the solicitor, which may then result in payment of compensation. There was also evidence that LCS caseworkers failed to take into account the level of distress and inconvenience caused to individual miners. Some miners, therefore, did not receive the appropriate compensation for the failures in the solicitor's service that they should have.

In addition, the audit found evidence that LCS and SRA caseworkers were inconsistent in dealing with complaints and that they were often influenced by the approach employed by firms of solicitors. This meant that the solicitor who was being complained about often determined the way in which the complaint was resolved.

As a result of the audit, the Commissioner included a number of formal recommendations to LCS and SRA. These included:

- Revisit those cases where there has not been a full investigation into the Inadequate Professional Service issues and where the miner has not been fully advised of their options for complaint resolution;
- LCS and SRA should apply their policies consistently to ensure that each miner's complaint is handled individually and that miners receive fair and equal treatment regardless of which caseworker handled their complaint;
- A full investigation is carried out into both service and conduct issues presented by miners; and
- The miner is provided with sufficient information to enable them to make an informed choice for the resolution of their complaint.

¹⁹ Legal Services Complaints Commissioner's Annual Report 2005/06, "Actions Not Words Consumers Matter", was published in July 2006 and is available at www.olscc.gov.uk

Case study

A complaint about residential conveyancing was investigated and closed on the basis that the solicitor agreed to take some specific actions. However, the solicitor failed to comply with this agreement and the consumer approached LCS over 12 months later to enquire about progress. The LCS caseworker made further enquiries with the solicitor and was told that they were still dealing with outstanding action with the Land Registry. This caseworker once again closed the file on the basis that, once the solicitor had resolved the matter, the consumer should raise the complaint again with LCS to consider compensation for the delay. This put the onus back on the consumer. LCS did not take any action against the solicitor for their failure to comply with the initial agreement, raising a concern as to why SRA were not notified of this matter, as the conduct of the solicitor was not acceptable.

The Law Society stated that it had raised awareness in mining communities through a number of advertisement campaigns in the local and national press, although it reports that this had not stimulated a great deal of response. LCS stated it was also considering other ways of raising awareness of this activity within the mining communities, possibly by the use of leaflets in Citizens Advice offices, local libraries and GP surgeries.

The Commissioner is pleased that LCS has taken some steps to promote its services to the mining communities. However, the Commissioner is concerned that those miners who have not received an appropriate service from LCS and SRA have not, as yet, had their cases reconsidered. The Commissioner is currently discussing this issue with the Law Society, and may, if felt necessary, set a target in this area.

Caseworkers closing conciliated complaints without ensuring that the solicitor has complied with the agreement

The Renumbering of Files Audit found that LCS caseworkers usually closed a complaint at the point when a solicitor had agreed to pay compensation to the consumer or to take some action to resolve a matter. However, often the solicitor did not comply with the agreement they had made. This led to further inconvenience for some consumers as they had to chase the solicitor and then contact LCS a second time to explain that the solicitor had not complied.

It is the Commissioner's view that LCS should keep a file open until the consumer has received any redress to which they might be entitled, and she recommended this in September 2006. This would ensure that LCS was providing a more effective complaints handling service for the consumer. LCS responded that it did not want to change the policy at this time. The Commissioner will continue to monitor this area as part of the investigation work carried out by her Office.

A similar issue was identified on the Adjudication Audit where it was found that of those solicitors who were told by an adjudicator to pay compensation, 73% failed to pay this within the deadline they were given. However, for adjudicated cases, LCS caseworkers took responsibility for checking whether the solicitor had completed the action required. If the solicitor still had not, LCS caseworkers used the threat of disciplinary action to ensure compliance. The case study overleaf highlights the benefits for the consumer when LCS and SRA caseworkers use their powers effectively.

The Commissioner made a recommendation after the Renumbering Audit²⁰ that in conciliated cases (where the solicitor and consumer reach an agreement to resolve the complaint), LCS caseworkers should keep the file open until all the agreed action has been completed. LCS did not comply with this recommendation and conciliated cases are still closed at the point of agreement.

²⁰ OLSCC Audit Report August 2006 - Renumbering of files, available at www.olscc.gov.uk

Case study

In one case the LCS caseworker rang to check that the solicitor had complied and was told by the firm that they would call her back, although no-one did. After a further call and a further unfulfilled promise that she would be contacted, this caseworker wrote again to the firm. She copied this letter to all the partners in the firm, explaining that disciplinary action could be taken against all of them if there was a failure to comply. Following this, the firm paid the compensation to the consumer. The consumer was impressed with the approach taken and thanked the caseworker.

As the Adjudication Audit results showed, when caseworkers take responsibility for ensuring solicitors pay compensation this provides a much more effective and customer focused approach. The Commissioner has therefore reiterated her recommendation that caseworkers should ensure compliance with any decisions before a case is closed. The Commissioner may consider setting a target in this area.

Inconsistency in quality of information given to consumers

Audits have identified disparities and inconsistencies in the understanding of LCS and SRA caseworkers of Law Society policies, which then affects the quality of the information they are giving to consumers. For example, the Negligence Audit identified that, despite recent training sessions for all staff, there was inconsistency of LCS caseworkers' understanding of the policy regarding how to deal with complaints of negligence. This resulted in different messages to consumers, some being told LCS could look at negligence and others being told it could not. Confusion amongst caseworkers about their own policies results in an unreliable and inconsistent outcome for the consumer and this is clearly not acceptable.

Insufficient management checks on quality

The evidence from the audits highlights that there are insufficient management interventions taking place either in terms of checking the quality of work, caseworkers' understanding of policies or timeliness of action. The Commissioner has recommended that management interventions should be strengthened and applied consistently across teams in order to improve the quality of work and of information given to consumers. LCS and SRA have reported that they are implementing new

performance management systems throughout their caseworking, along with more intensive auditing of files. The Commissioner will monitor the application of this.

Some reductions in delay but further improvement needed

There has been a reduction of one month in the average delay each consumer might experience in the period measured by audits undertaken in July to August 2005 and July to August 2006. However, there is still on average over 2 months of avoidable delay and that remains unacceptable. In particular, caseworkers are taking too long to write reports for adjudication. LCS currently has a timescale of 8 weeks to produce an adjudicated report but standard reports take on average 15 weeks and in some cases many months more. SRA has no set timescale and its standard reports take on average 16 weeks. The Commissioner has asked LCS and SRA to review the length of time they consider is reasonable for their caseworkers to write a report and in the meantime has set this as a Key Performance Indicator (KPI), which requires LCS and SRA to provide information on the average time being taken to write a report for adjudication. This will enable her Office to monitor progress.

In summary, the audits and investigations undertaken this year identified a number of significant failures and inconsistencies. These issues must be addressed in order for LCS and SRA to become more effective. The Commissioner has therefore made a number of recommendations to LCS and SRA in her forthcoming report on her audits. Her intention is to further develop her targets for the coming year in order to support improvements to the quality of complaints handling where recommendations have not been implemented or where improvements need to take place.



Chapter 4

Forward Look



Chapter 4

Forward Look

Although the Improvement Plan requested by the Commissioner from LCS and SRA runs from April to the end of March each year, the preparation begins much earlier. In July 2006 the Commissioner started to develop the targets for the following year (1 April 2007 to 31 March 2008). Her four key aims for delivery for 2007/08 are:

- that the improvements in timeliness by LCS and SRA can be built on and maintained;
- that the application of LCS and SRA's own policies and procedures is improved;
- wider business improvements are achieved; and
- an emphasis on public interest matters (such as the miners' cases).

Improvements in timeliness to be built on and maintained

When developing the targets for 2007/08 the Commissioner was mindful of what had already been achieved with handling complaints more quickly but recognised that there was capacity to build on this further.

The application of LCS and SRA's own policies is improved as a matter of urgency

As LCS and SRA were not consistently applying their service standards, the targets set by the Commissioner have again had to focus on procedural aspects of quality, for example ensuring that consumers are contacted at least every 30 days following the first substantive response. Future targets need to build on this to include improvements in areas such as accessibility, reasonableness, and quality of decisions. In terms of LCS, the Commissioner would like to see improvements in the referral of conduct cases to SRA and that when SRA refer cases to the Solicitors Disciplinary Tribunal that those cases are not only prepared and lodged as quickly as possible but also heard at the earliest convenience.



Wider business improvements

The Commissioner will continue to set targets for the under performing areas of LCS and SRA operations to drive up improvement but she has also turned her focus to wider business improvements. The wider business improvements include publishing solicitor complaint records to help consumers make the right choice when needing legal services and increasing access for all, including the most vulnerable. The Commissioner was keen to include the improvement agendas, endorsed by both the Board of the Legal Complaints Service and the Regulation Board, in LCS and SRA's complaints handling Plan for 2007/08. If scoped and implemented well some of this work could move LCS and SRA closer to being an effective and efficient complaints handler and would see a step change that the Commissioner is seeking LCS and SRA to deliver.

Public Interest Matters

The Commissioner remains concerned that LCS and SRA deal thoroughly with existing complaints from vulnerable

consumers as well as taking proactive steps on awareness raising and stemming the flow of preventable complaints. In particular, the Commissioner is concerned to ensure for the coming business year that LCS and SRA implements recommendations made her in improving access and service to vulnerable clients including former miners and their dependents.

Complaints handling for 2007/08

Like last year the Commissioner set three strategic priorities, which provide balanced and complementary objectives covering all complaints handling activity within LCS and SRA where improvement is necessary. Full details of all the Commissioner's targets and recommendations for next year, relating to these strategic priorities can be found in Appendix 8. In summary whilst the Strategic Priorities remain similar to last year - speed of handling complaints, quality and successful delivery of the plan - the Commissioner's targets and key performance indicators which underpin them have been adjusted to reflect the

specific areas where improvement is required. Indeed, the Commissioner was disappointed to have to re-set many of the quality targets set in 2006/07 in 2007/08, due to LCS and SRA's poor performance against these. She noted this in her letter of 24 November 2006, when she set the targets for 2007/08:

"I had envisaged moving the Law Society to a measure that brought about greater improvement this year by achieving a consistent level of quality for each complaint handled. However, I believe this is not achievable at this stage by the Law Society...It is important to note that the targets I am proposing in this area, although at the lower performance end of where I would like the Law Society to be, does not mean that I would not be seeking greater improvement in the future. After all, what I am proposing is for Law Society staff to follow its own policy, procedures and customer service standards to deliver improved quality and consistency in complaints handling. I also propose to maintain the current Legal Services Ombudsman measure as a target. The target level I am proposing is based on the Law Society's current performance and trend over the past 2 years."

The Commissioner has also made a number of recommendations, which she believes will help improve complaints handling if LCS and SRA take action on these. For example, with relation to project management, which she believes has been an area of weakness in the past. In the same letter, of 24 November 2006, she noted that:

"Because of the concerns I continue to have about the way in which the Law Society handles the development and implementation of its change initiatives, I am proposing a set of recommendations. I believe these recommendations if addressed should improve current areas of weakness."

The Commissioner will be monitoring closely the action LCS and SRA take and if necessary, where action is not evident, consider introducing further targets this year. These recommendations are listed in Appendix 8.

Law Society Improvement Plan for 2007/08

In February 2007 LCS and SRA submitted their Improvement Plan to the Commissioner. Having considered the Plan and additional information carefully, her assessment was that overall the format and the majority of the content was an improvement on previous years. Subject to some concerns, the Commissioner considered it as having the potential to move LCS and SRA closer to becoming an effective and efficient complaints handler. Her concerns were that in some of the areas there was insufficient evidence that the targets she had set could be met by the actions proposed by LCS and SRA. The Commissioner was also disappointed to find that some of the wider business improvement work which LCS and SRA reported they would undertake (and which they had set out in their improvement agendas) was not in the Plan. The Commissioner had encouraged LCS and SRA to include this in the Plan because, since her appointment, she wanted LCS and SRA to look beyond the targets she had set and consider wider improvements in complaints handling.

"Since my appointment in 2004 I have continuously encouraged the Law Society to look beyond the targets and consider improvements in complaints handling more broadly. I see the successful delivery of the Improvement Agendas as integral to improving complaints handling and moving it closer to effective and efficient and therefore in my view it forms a key part of the 2007/8 Plan."²¹

On 4 April 2007 LCS and SRA submitted a revised Improvement Plan addressing the points the Commissioner had raised, which included adding detail on the improvements they were aiming to deliver from their Improvement Agenda.

Following careful consideration of the Plan and additional information, on 16 April 2007 the Commissioner was pleased to declare LCS and SRA's complaints handling Plan for 2007/08 as adequate in accordance with the Access to Justice Act 1999.

²¹ Letter from the Commissioner to LCS and SRA dated 21 March 2007

Speaking about the Plan, the Commissioner said:

*"This is the first year I can recall where the Law Society has committed to delivering wider business improvements which better serve the needs of all its users and I look forward during the Plan year to seeing the potential benefits being realised for the consumer, profession and the Law Society."*²²

Since the Commissioner's appointment in 2004, she has encouraged the Law Society not to limit the scope of the improvements it is willing to undertake but to consider wider issues. For example, the Commissioner has encouraged LCS and SRA to consider broader actions they could take to ensure consumers receive an improved service from their solicitor and prevent the growth of complaints coming to them, as a regulator for them to better recognise excellence within the profession and for the consumer to be better informed in their choice of legal service provider. She has also urged the different parts of LCS and SRA to work closely together to ensure that all aspects of complaints handling, including preventative work such as improved training for solicitors, is implemented effectively.

LCS and SRA's complaints handling plan declared adequate

Following encouragement from the Commissioner, the Improvement Plan now includes the following:

- Improving Services –improving accessibility through reviewing the Equality & Diversity data they hold on consumers and solicitors, and using this to analyse the fairness of their policies and how they are being applied. The Commissioner considers this critical to improving the accessibility of the LCS and SRA services and raising awareness of the scope of services available, including to the most vulnerable consumers. She made recommendations to the Law Society about this as far back as 2004. This work was originally due to start last year, but it remains at the data gathering stage. Now that this work has been included within the Improvement Plan, with details of implementation plans, the Commissioner looks forward to much greater progress on this by the end of March 2008, with clear benefits for consumers.

- Informing Consumers – the Improvement Plan now sets out the work that LCS and SRA will undertake to publish the historical complaints records of solicitors, review the existing requirements for consumer guides and develop new ones where required, and increase the awareness of services. If implemented effectively, this should help consumers to make the right choice when needing legal services.
- Improving Standards – as both LCS and SRA deal with complaints about solicitors, but from different angles, it is important that there is an effective interface between them, to enable sharing of complaint information, greater engagement with the profession and the provision of adequate guidance. Also included in the Plan, is the introduction of a new Code of Conduct, modernisation of regulatory decisions and adjudication system, setting up a working group to look at and report back on post-qualification quality assurance of solicitors, and an enforcement initiative on referral fees. This action should go some way to restore consumer confidence, better equip the regulator and profession, and improve the focus on consumer needs as well as reduce the number of complaints made directly to the profession and LCS and SRA.

Legal Services Consumer and Advisory Board activities

The Commissioner's Consumer and Advisory Boards continue to advise her on new ways for engaging with consumers based on an understanding of their needs gained through their diverse backgrounds and professional experience. As part of this, work will continue next year to identify the most common causes of legal complaints, the information needed by consumers to confidently gain the best assistance from their legal adviser and consideration of the practical standards that might help to achieve more effective complaints handling. The Commissioner's Office will work closely with the Office of the Legal Services Ombudsman (OLSO) in relation to this strategy.

²² "Law Society's complaints handling plan declared adequate" – Press notice 17 April 2007, available at www.olscc.gov.uk

The Legal Services Bill and the future of legal services

In her special report²³ the Legal Services Ombudsman and Legal Services Complaints Commissioner sets out her independent perspective on the legal reforms. Both her roles involve understanding the complex relationship between professional regulation, service delivery and the consumer experience – matters, which the Legal Services Bill seeks to address.

The report outlines her support for the Government's intentions to reform legal services for the benefit of consumers and the profession. In addition, this report sets out areas where she believes the Bill could still be enhanced.

The Commissioner will continue to offer her support to Ministers and Ministry of Justice (MOJ) officials and work with them to offer assistance as the Bill moves towards implementation. The Commissioner will continue to work with other stakeholders to achieve the best outcome for consumers and the legal profession. She will assist in the transition of her powers as Commissioner as these transfer to the Legal Services Board.

²³ Legal Services Reform – A Perspective – A Special Report from the Legal Services Ombudsman for England and Wales and the Legal Services Complaints Commissioner, available at www.olscc.gov.uk



Chapter 5

The Office of the Legal Services Complaints Commissioner's Year



Chapter 5

The Office of the Legal Services Complaints Commissioner's Year including Financial Statement and Accounts

In addition to the work the Commissioner's Office carries out in relation to regulating the Law Society, which is the largest legal professional body, it also has to carry out a much wider range of activities in order to support this. The Commissioner has a small office of 17 staff who need to carry out all the functions of a much larger organisation. In order to deliver these functions, the Commissioner's staff require a number of business delivery skills in planning, finance, HR and learning and development. The Office also has to have clear plans that enable its organisational objectives to be met.

OLSCC has been extremely successful in delivering an excellent standard of service against its objectives for the business year. In particular, the office has been identified as demonstrating best practice in all its Health and Safety

arrangements, and this best practice has been shared with the rest of DCA.

OLSCC staff have contributed to these successes by bringing a host of skills to the organisation. Staff include project managers, qualified health and safety practitioners, auditors, investigators and finance and HR experts, and all are committed to ensuring that the office delivers a quality service. Staff recently participated in a 'Good Ideas' scheme run by DCA to identify any best practice or ideas that individuals had that could be adopted throughout the Department. Over 50% of OLSCC staff received at least one recognition reward and many of their suggestions have been taken forward by DCA.

The functions of the Commissioner's office are explained in more detail opposite.



The OLSCC Business Plan

The OLSCC Business Plan for the period 1 April 2006 to 31 March 2007 sets out the key business objectives that the Commissioner wanted to achieve. These were to:

- be guided by the principles of the Better Regulation Executive, and be proportionate, accountable, consistent, transparent and targeted in the service provided to LCS and SRA, and to always give full reasons for those decisions;
- ensure that staff are aware of the views of all who have an interest in the work of the OLSCC, allowing them to have their say;
- commit to evidence based analysis and constant interaction with those interested in the work of the OLSCC;

- work with and monitor LCS and SRA's performance in complaints handling and taking action, where necessary, to protect the interests of consumers and other stakeholders; and
- ensure that the OLSCC delivers best value by comparing its performance against comparable organisations.

OLSCC Mission

The OLSCC mission is to regulate LCS and SRA, to help ensure that they handle complaints about their members effectively and efficiently, providing consumers with a prompt, quality service.

The OLSCC will do this by positively influencing and supporting LCS and SRA, and work fairly, openly and

honestly with them and all their stakeholders, as an organisation committed to quality and with the consumer and the profession's needs informing the scope of the OLSCC's business.

OLSCC Vision

The OLSCC vision is:

- Of LCS and SRA as complaints handling organisations that provide a fair and prompt service to the consumers of legal services, and
- To be an organisation that consumers, stakeholders and its staff can have confidence in and be proud of.

OLSCC Values

The OLSCC shall:

- Ensure that all staff are independent and impartial in their decisions, working with honesty, integrity and fairness;
- Ensure it is a quality employer, supporting professional development and training to help staff meet business goals and objectives;
- Have a culture that is open, builds trust, and encourages personal responsibility;
- Ensure that the interests and diversity of all those it works with are respected.

People and Learning

The Commissioner is committed to ensuring that all her staff have the appropriate development and training in order to meet her business goals and objectives. To do this and in line with Investors in People principles:

- All OLSCC staff have a personal development plan which feeds into the overall OLSCC Training and Development Plan;
- All OLSCC staff have in place key work objectives; and
- Leadership development and specialist training continues to be delivered.

The OLSCC is an associated office of the Department for Constitutional Affairs (DCA), although it is independent of it and the Government. In line with DCA policies, the Commissioner also developed a number of staff policies, which support both development and learning, and business delivery. This includes a reward and recognition system that recognises exceptional performance within the OLSCC, along with policies such as job shadowing, and flexible working.

Communication Activity

The OLSCC website provides current and relevant information about the Commissioner's role and the work performed by her Office in addition to the publications that it produces. As part of an ongoing assessment of the website, a major rewrite was undertaken in order to ensure it provided consumers and stakeholders with the most up to date information. The newly upgraded site was published in November 2006.²⁴ The site contains reports relating to audits undertaken, current performance information from LCS and SRA and text from the letters the Commissioner has sent to LCS and SRA in respect of decisions she has made about their Plan and complaints handling performance.

Diversity

The OLSCC actively promotes and respects diversity both within its team and the wider environment. All its staff have made a commitment within their personal development plan to take forward specific tasks that will contribute to a more diverse organisation. Members of the OLSCC actively participate in a number of staff network groups across DCA, such as the Women's Issues Network, Proud Network, Rainbow Network and the Carers Network.

Recruitment Activity

In common with the rest of DCA the Office follows the Civil Service Code of Practice on the Employment of People with Disabilities. This aims to ensure that there is no discrimination on the grounds of disability, and that access to employment and career advancement is based solely on ability, qualifications and suitability for the work.

²⁴ www.olscc.gov.uk

Quality Initiatives

The OLSCC has made a commitment to continually improve and to learn from its experiences. It has also invested time in embedding other specific quality initiatives into its day to day work, for example:

- Investors in People Standards –continuing to embed the IIP standards within the OLSCC;
- Chartermark –continuing to work with the Chartermark principles to help ensure that the OLSCC puts all of its customers first;
- Crystal Mark – being committed to ensuring that all its communications meet the requirements of this mark. As a result a number of staff have attended the Plain English training event;
- Balanced Scorecard – continuing to work with the tools within the Balanced Scorecard to manage and measure its performance as an organisation. The tools have been used in producing the OLSCC business plan and its contribution to the DCA business plan.

Health and Safety

The Commissioner is committed to ensuring that her staff, and all visitors to her office, work in a safe and healthy environment, and that the OLSCC meets all health and safety regulations and requirements. Regular risk assessments, workplace inspections and audits are also conducted to eliminate or mitigate risk and maintain the highest standards of safety for everyone.

Service Standards

Following research into other regulators and public bodies, the OLSCC has developed a set of Service Standards, which are available in a customer leaflet, on the OLSCC website²⁵, and in the OLSCC handbook available for staff. The Commissioner has ensured that these standards meet the needs and manage the expectations of all those that have contact with the OLSCC, and they continue to be reviewed on an annual basis to ensure their appropriateness and effectiveness.

²⁵ www.olsc.gov.uk

Budget and Funding of the OLSCC

Under the Access to Justice Act 1999 the Lord Chancellor has required the Law Society, as a professional body, to make appropriate payments towards meeting the expenditure incurred by the Commissioner in the discharge of her functions. Any expenditure not met by these payments is met by funds voted by Parliament.

During 1 April 2006 to 31 March 2007 LCS and SRA budget for complaints handling was £36.122 million. The Commissioner continues to review her Office requirements on a regular basis in order for it to continue its important work in regulating LCS and SRA's complaints handling.

The OLSCC has continued to manage its budget accurately and effectively, in line with DCA standards, to ensure that it remained within its £1.718 million anticipated expenditure for the period 1 April 2006 to 31 March 2007. By constantly reviewing its budget requirements it ensures that it provides a value for money service. To do this the Commissioner has in place a comprehensive budgeting system encompassing compliance controls, with a review and reporting mechanism to provide assurances as budget holder and to DCA.

The Commissioner is committed to the prompt payment of suppliers of services to the OLSCC. Payments are normally made as specified in any contract. If there is no contractual provision or other understanding, they are paid within 30 days of the receipt of goods or services, or on presentation of a valid invoice or other similar demand, whichever is the later.

The most recent prompt payment survey, for the financial year 2006/07, showed that for DCA, 93.7% of invoices were paid on time on the basis of the date of receipt by Liberata, the payment processing agency used by DCA.

The OLSCC adheres to DCA's "Risk Management" policy and the Commissioner has processes within the organisation to identify, assess, control and report risk. There is a review and reporting mechanism in place to help provide assurances to all appropriate parties and the Commissioner has produced a set of annual accounts for 1 April 2006 to 31 March 2007. These can be found in later in this chapter.

The Commissioner's accounts have been audited by the Comptroller and Auditor General, who has been appointed by the Secretary of State for Constitutional Affairs and the Lord Chancellor in accordance with the Access to Justice Act of 1999. The cost of the audit is disclosed later in this chapter at Note number '6' and relates solely to the audit of the Commissioner's accounts.

As far as the Accounting Officer and the Commissioner are aware, there is no relevant audit information of which OLSCC's auditors are unaware. The Accounting Officer and Commissioner have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

OLSCC Spending

Total expenditure by the OLSCC amounted to £1.63m in 2006/07, compared to £1.51m in 2005/06. The rise is due to increased accommodation and staffing costs in line with inflation and the Departmental pay agreements, together with a £47k increase in the recharge of indirect costs from DCA.

Of this total expenditure, £1,089,643 relating to staff costs and other direct costs was recovered from the Law Society by the Lord Chancellor as permitted under Schedule 8 of the Access to Justice Act 1999, leaving net expenditure of £540,326 that was funded by DCA.

At the year-end 31 March 2007, this income had not yet been received in cash from the Law Society and therefore it is reflected in the balance sheet as accrued income. Since these amounts are paid directly to DCA, there is a corresponding debt to DCA.

The OLSCC had net liabilities of £76,547 in the balance sheet at the year-end. Since DCA settles all of OLSCC's financial transactions with funds voted by Parliament, it is still considered appropriate to prepare the accounts on a going concern basis.

Pension Liabilities

Pension benefits for the Commissioner and her staff in the OLSCC are provided through the Civil Service pension arrangements. Details can be found in Note 3 of the accounts later in this chapter.

Law Society Penalty

The Commissioner levied a fine of £220,000 on the Law Society during the 2006/07 financial year. Further details of the reason for the penalty are contained in Chapter 2 of this report. Neither the Commissioner or the OLSCC derived any benefit from this receipt, since it was paid under the provisions of Section 52(7) of the Access to Justice Act 1999 and ultimately surrendered to the Consolidated Fund. This penalty will therefore be reflected in the 2006/07 resource accounts of DCA, and is not included in this annual report and accounts. The full amount shown as income in the Commissioner's accounts therefore relates only to the direct funding of the OLSCC's functions.

Stakeholders and Stakeholder Management

The following groups of people have an interest in the work of the OLSCC and its outcomes:

- Consumers of legal services, organisations that represent them and the general public who may be future users of legal services or affected by the way legal services are delivered;
- The Law Society and its members, who have a role in regulating and delivering legal services;
- Parliament, to whom the OLSCC is accountable through the Secretary of State for Constitutional Affairs and the Lord Chancellor;
- Other related organisations, such as other regulators and Ombudsmen with whom we co-operate and share good practice;
- Staff working in the OLSCC and DCA for their expertise and knowledge;
- The Commissioner's Advisory Board and Consumer Board, who support and advise her in her work for consumers and the legal profession.



The Commissioner's Advisory Board and Consumer Board contain high calibre individuals who have provided vital advice throughout the year. They continue to meet regularly with the Commissioner and she is grateful for their input on all aspects of her work.

The Advisory Board

The Commissioner appointed an Advisory Board following her appointment and they have continued to provide her with invaluable support and advice on legal services complaints handling. Biographies for each of the Advisory Board members can be found in Appendix 2.

Legal Services Consumer Board

The Commissioner set up her Legal Services Consumer Board to provide additional focus on expectations of good legal services complaints handling by consumers. The Commissioner brought together people with a broad range of experience and skills with the aim of ensuring that consumers' needs are served, particularly in the Government's reform of legal services. The Commissioner's Consumer Board is advisory in nature. Biographies of Consumer Board members can be found at Appendix 2.

**Interaction between the Legal Services
Consumer Board and the Advisory Board**

The Legal Services Consumer Board has been appointed in addition to the Commissioner's existing Advisory Board. Although one member sits on both Boards, their remits are complementary but separate. Consumer Board members have been appointed because of their renowned expertise in the area of consumer needs and their understanding of customer issues or their research into consumer requirements and experiences. The Advisory Board has a strategic focus covering improvements across all elements of complaints handling by LCS and SRA, whereas the Consumer Board focuses on the consumer perspective. Both play a vital role in advising the Commissioner on her work.



Financial Statement of OLSCC

Financial Statement of OLSCC

Statement of Accounting Officer's and Commissioner's Responsibilities

HM Treasury has appointed the Permanent Secretary of the Department for Constitutional Affairs (DCA) as Principal Accounting Officer. The Principal Accounting Officer's responsibilities are defined in the Accounting Officer's Memorandum, issued by HM Treasury and published in Government Accounting.

The Accounting Officer has responsibility for the regularity and propriety of the public finances for which he is answerable, for keeping proper records, and for safeguarding the DCA's assets. He is also responsible for preparing the accounts of the DCA and for transmitting them to the Comptroller and Auditor General.

The Secretary of State for Justice and Lord Chancellor has appointed the Legal Services Complaints Commissioner for England and Wales (Commissioner) to oversee the day to day operations of Office of the Legal Services Complaints Commissioner (OLSCC). Details of the division of responsibilities

are set out in a Memorandum of Understanding between DCA and OLSCC. This appointment does not detract from the Permanent Secretary's overall responsibility as Accounting Officer for these accounts.

Under the Access to Justice Act 1999, the Secretary of State and Lord Chancellor have directed the Commissioner to produce accounts for the financial year ending 31 March 2007.

These accounts are prepared on an accrual basis. They must give a true and fair view of the state of affairs of OLSCC and the income and expenditure outturn and cashflow for the financial year.

In preparing the accounts, the Commissioner is required to comply with the requirements of the Government Financial Reporting Manual (FRoM) and in particular to:

- (a) observe the Accounts Direction issued by the DCA, including the relevant accounting and disclosure requirements and apply suitable accounting policies on a consistent basis;

- (b) make judgements and estimates on a reasonable basis;
- (c) state whether applicable accounting standards, as set out in the Government Financial Reporting Manual (FRoM) have been followed and disclose and explain any material departures in the accounts; and
- (d) Prepare the accounts on a going concern basis, unless it is inappropriate to presume that OLSCC will continue in operation.

Statement on internal control

Scope of responsibility

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of OLSCC policies, aims and objectives, whilst safeguarding the public funds and DCA assets for which I am personally responsible, in accordance with the responsibilities assigned to me in Government Accounting.

As Accounting Officer, I agree with Ministers, the DCA plans and allocation of resources to the DCA's business

areas. OLSCC, as an Associate Office, operates as a business entity of the DCA. I delegate financial authority, together with corresponding internal control and risk management responsibilities, to the Commissioner via the Director General, Legal and Judicial Services Group, in line with the requirements detailed in the Memorandum of Understanding between the DCA and OLSCC.

A system of internal control operates in DCA headquarters. This includes the monitoring of OLSCC's performance and compliance with the Memorandum of Understanding through the Director General, Legal and Judicial Services Group. To the extent that the document delegates control to the Commissioner, I place reliance upon the Statements of Internal Control submitted by the Commissioner to the Director General, Legal and Judicial Services Group, at the DCA.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on

an ongoing process designed to identify and prioritise the risks to the achievement of DCA policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in the OLSCC for the year ended 31 March 2007, and up to the date of approval of the Annual Report and Accounts, and accords with HM Treasury guidance.

Capacity to handle risk

As Accounting Officer I acknowledge my overall responsibility for the effective management of risk throughout the DCA.

The DCA Risk Management Policy and Framework document, approved by the DMB (formerly Executive Committee) was published in June 2002 and is available to all staff on the DCA Intranet. This sets out the DCA attitude to risk in the achievement of its policies and objectives, and provides guidance on the process of identifying, assessing and managing risk.

Risk management is incorporated into OLSCC's day-to-day activities and forward planning. Significant risks to and arising from the work of OLSCC are reported to the Director General, Legal and Judicial Services Group on a quarterly basis. Where necessary, such risks and the actions to mitigate are escalated and incorporated into the Corporate Risk Register for consideration by the DMB.

The risk and control framework

The key elements of OLSCC risk management strategy to be fully implemented for identifying, evaluating and controlling risk are as follows:

- OLSCC system of analysis and reporting (based on DCA policy and framework) that identifies risk to objectives, risk impact and likelihood, current and planned mitigating action, risk status, risk judgement or appetite and individual risk owners, which forms the basis of the Risk Register and is escalated quarterly to the Legal and Judicial Services Group;

- OLSCC Senior Management Team meetings with risk management on the standard agenda, and planning workshops for all staff to assist with the identification and evaluation of risks to objectives;
- OLSCC Risk Register covering all activity and reviewed by the OLSCC Senior Management Team. Legal and Judicial Services Group then review the register, escalating any significant risks for inclusion in the DCA Corporate Risk Register;
- Quarterly certification by the Commissioner to the Director General, Legal and Judicial Services Group of risk management in OLSCC;
- Head of Corporate Services as risk co-ordinator in the OLSCC Senior Management Team;
- Risk identification, evaluation and management as an integral part of the OLSCC planning process for delivery of its objectives.

Other key elements in the OLSCC control systems are regular management information, financial regulations, administrative procedures including segregation of duties, and a system of delegation and accountability. In particular it includes:

- business planning, which is agreed and reviewed by the Director General, Legal and Judicial Services Group;
- comprehensive budgeting systems with an annual budget, which are reviewed and agreed by the DMB;
- regular reviews by the DMB of periodic and annual financial reports, which are prepared to indicate financial performance against the forecasts;
- target setting to measure financial and other performance;
- a formal system of financial compliance controls, consisting of core control checks with an audit trail of evidence, and a review and reporting mechanism to provide assurances from the Operations Manager (as Budget Holder), on a quarterly basis, that internal financial controls are in place and operating effectively;

- a published DCA fraud policy, with effective capability to investigate incidents of fraud, including a cadre of trained staff;
- a DCA whistle-blowing policy for confidential reporting of staff concerns;
- a Business Continuity Plan for OLSCC, which continues to be refined to ensure that key activities can continue effectively following a disruption;
- compliance with ISO17799, the International Standard for Information Security Management, to assist with achievement of the standard across the DCA.

In addition to the developments in risk management, DCA continues to take steps to improve its corporate governance arrangements. OLSCC has encompassed co-ordinated team briefing, and the performance management and recognition and reward systems.

During 2006/07 OLSCC has also engaged in influencing the performance of LCS and SRA to improve their handling of consumer complaints through:

- actively monitoring and evaluating LCS and SRA's progress against their Plan and the targets the Commissioner set.
- defining further clear and reasonable performance targets for the 2007/08 year and assessing the draft Law Society Plan for that year to gain an understanding of LCS and SRA performance;
- a continuing programme of audits by the OLSCC Research and Investigations team. These have assisted the Commissioner in setting targets and recommendations around quality improvements for LCS and SRA for next year;
- production of an Annual Report detailing the Commissioner's conclusions about LCS and SRA performance; and
- the Advisory Board and Legal Services Consumer Board, which continue to gain a better understanding of the needs and perceptions of users of legal services and their representatives, and actively canvass their views.

Review of effectiveness

As Accounting Officer, I also have responsibility for reviewing the effectiveness of the system of internal control. My review is informed by the work of the internal auditors and the executive managers within the DCA who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their management letter and other reports. My review is also informed by the work of the Commissioner and her senior management team.

The key elements of the system of internal control are set out in the previous section and contribute to my review of the system's effectiveness. In addition, the following bodies also inform my review:

- **Ministerial Executive Board (MEB) and the Departmental Management Board (DMB)** – These Boards approved the DCA Framework and Policy Document and have been involved in the development and monitoring of the Corporate Risk Register.
- **Corporate Audit Committee** – The Committee is a continuing source of advice and assurance on the effectiveness of the risk management process.

The Committee meets a minimum of four times each year and has a non-executive Chairman who reports directly to the MEB and Accounting Officer twice a year. It receives regular reports on the development of risk management and internal control and considers internal and external audits on the system of internal control and any material weaknesses.

- **Risk Co-ordinators** – A network of Risk Co-ordinators has been established within DCA headquarters, Agencies, Non-Departmental Public Bodies (NDPBs) and Associate Offices, to co-ordinate the reporting and management of risk and control issues within business areas and for DCA in reporting to the DMB and Audit Committee.
- **Internal Audit** – DCA has an Internal Audit Division that operates to the Government Internal Audit Standards. It submits regular reports, which include the Head of Internal Audit's independent opinion on the adequacy and effectiveness of DCA internal controls together with recommendations for improvement.

I can confirm that no significant control issues as defined by HM Treasury guidance have been highlighted.

This statement applies to OLSCC. The Statement on Internal Control for DCA as a whole will be available from the Stationery Office when DCA 2006/07 Accounts are published later this year.

Alex Allan
Accounting Officer
Date: 25 June 2007

Zahida Manzoor CBE
Legal Services Complaints Commissioner
Date: 27 June 2007

The Certificate and Report of the Comptroller and Auditor General to the House of Commons

I certify that I have audited the financial statements of the Office of the Legal Services Complaints Commissioner (OLSCC) for the year ended 31 March 2007 under the Access to Justice Act 1999. These comprise the Income and Expenditure Account, the Balance Sheet, the Cashflow Statement and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report, that is described in the report as having been audited.

Respective responsibilities of the Accounting Officer, Commissioner and Auditor

The Accounting Officer is responsible for preparing the Annual Report, the Remuneration Report and the financial statements in accordance with the schedule 8 of the Access to Justice Act 1999 and directions made thereunder by the Secretary of State and Lord Chancellor with the approval of the HM Treasury, and for ensuring the regularity of financial transactions. These responsibilities are set out in the Statement of Accounting Officer's and Commissioner's Responsibilities.

My responsibility is to audit the financial statements and the part of the remuneration report to be audited in accordance with relevant legal and regulatory requirements, and with International Standards on Auditing (UK and Ireland).

I report to you my opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the Access to Justice Act 1999 and directions made thereunder by the Secretary of State and Lord Chancellor with the approval of HM Treasury. I report to you whether, in my opinion, certain information given in the Annual Report is consistent with the financial statements. I also report whether in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities, which govern them.

In addition, I report to you if the OLSCC has not kept proper accounting records, if I have not received all the information and explanations I require for my audit, or if information specified by HM Treasury regarding remuneration and other transactions is not disclosed.

I review whether the Statement on Internal Control reflects the OLSCC's compliance with HM Treasury's guidance, and I report if it does not. I am not required to consider whether this statement covers all risks and controls, or form an opinion on the effectiveness of the OLSCC's corporate governance procedures or its risk and control procedures.

I read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the financial statements. My responsibilities do not extend to any other information.

Basis of audit opinion

I conducted my audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. My audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the financial statements and the part of the Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgements made by the Accounting Officer in the preparation of the financial statements, and of whether the accounting policies are most appropriate to the OLSCC's circumstances, consistently applied and adequately disclosed. I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements and the part of the Remuneration Report to be audited are free from material misstatement, whether caused by fraud or error, and that in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the Remuneration Report to be audited.

Opinions

Audit Opinion

In my opinion:

- *the financial statements give a true and fair view, in accordance with the Access to Justice Act 1999 and directions made there under by the Secretary of State and Lord Chancellor with the approval of HM Treasury, of the state of the OLSCC's affairs as at 31 March 2007 and of its income, expenditure and cash flows for the year then ended;*
- *the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the Access to Justice Act 1999 and directions made there under by the Secretary of State and Lord Chancellor with the approval of the Treasury; and*
- *information given within the Annual Report which comprises the Foreword, the Executive Summary and Chapter 5 is consistent with the financial statements.*

Audit Opinion on Regularity

In my opinion, in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities, which govern them.

Report

I have no observations to make on these financial statements.

John Bourn
Comptroller and Auditor General
National Audit Office
157-197 Buckingham Palace Road
Victoria
London
SW1W 9SP
2 July 2007

Operating cost statement for the year ended 31 March 2007

	Notes	2006-07 £	2005-06 £
Income	2	(1,089,643)	(1,038,076)
Staff costs	3	866,638	812,881
Other direct costs	4	254,890	260,093
Accommodation costs	5	183,934	161,740
Departmental overhead charge		301,219	254,298
Other non cash costs	6	23,288	17,083
Total costs		1,629,969	1,506,095
Net operating cost		540,326	468,019

All Income and expenditure is derived from continuing operational activities. There are no other gains or losses for the year.

The notes on pages 80 to 87 form part of these accounts.

Balance Sheet. As at 31 March 2007

	Notes	2006-07 £	2005-06 £
Fixed Assets			
Tangible fixed assets	7	93,266	74,713
Current Assets			
Debtors	8	1,149,172	947,148
Current Liabilities			
Creditors	9	(1,165,891)	(1,031,493)
Net Current Liabilities		(16,719)	(84,345)
Total Assets Less Current Liabilities		76,547	(9,632)
Taxpayers Equity			
General Fund	11	76,547	(9,632)
		76,547	(9,632)

The notes on pages 80 to 87 form part of these accounts

Alex Allan
Accounting Officer
Date: 25 June 2007

Zahida Manzoor CBE
Legal Services Complaints Commissioner
Date: 27 June 2007

1. Cash flow statement. Year ended 31 March 2007

	Notes	2006-07 £	2005-06 £
Net cash outflow from operating activities	10	(283,445)	(241,986)
Capital expenditure		(30,170)	(12,968)
Finance from Department for Constitutional Affairs		313,615	254,954
Increase in cash		0	0

The notes on pages 80 to 87 form part of these accounts

Notes to the Accounts

1. Accounting Policies

Basis of accounting

These accounts for the Office of the Legal Services Complaints Commissioner (OLSCC) have been prepared in accordance with the Financial Reporting Manual (FRM) issued by HM Treasury with the exception that historical cost accounting has been used in place of modified historical cost accounting because of the immaterial difference between the two for OLSCC. The accounting policies used to prepare these statements are consistent with those used to prepare accounts for DCA. The Departmental accounts give greater detail on accounting policies.

Going concern

The accounts are prepared on a going concern basis as DCA settles all of OLSCC's financial transactions with funds voted by Parliament.

The 2006 Queen's Speech introduced the Legal Services Reform Bill into the 2006/07 session. If the Bill receives Royal Assent it will fundamentally change the way that legal services will be regulated in England and Wales including the formation of the Office for Legal Complaints, and consequent closure of OLSCC. However it is not anticipated that OLSCC will close before 2010/11 and so there is no immediate threat to its existence.

Income

OLSCC does not recover its costs through charging fees though it recovers certain expenditure from the Law Society under the provision of the Access to Justice Act 1999. The expenditure that is recoverable relates to staff costs (with the exception of the Commissioner's salary) and other direct costs.

Staff costs

Staff costs are made up of:

- salary and associated costs (including pensions obligations) of staff employed at OLSCC;
- fees paid to the self-employed; and
- amounts paid to agencies with respect to temporary staff.

Other direct costs

These are costs other than staff costs, where the expenditure is authorised by OLSCC.

Accommodation costs

These are costs directly attributable to OLSCC where the expenditure is authorised by DCA. These are rental and other costs associated with the Leeds office building.

Departmental overhead charge

This charge relates to support services provided to OLSCC by DCA. Departmental costs are apportioned on a systematic basis to all the Department's Associated Offices including OLSCC. Departmental costs does not include OLSCC's share of the costs under contracts that have been awarded by the Department under the Government's Private Finance Initiative (PFI) for the provision of accounting and IT services. The PFI contract is managed centrally by DCA, and included in the Resource Accounts.

Other non-cash costs

Non-cash costs are included to show the full cost of operating OLSCC. The audit fee is an amount agreed with the National Audit Office. The cost of capital charge reflects the cost of capital utilised by OLSCC and is calculated at the Government's standard rate of 3.5% of average net assets less liabilities over the year.

The amounts on the expenditure statement are net of recoverable VAT but include irrecoverable VAT. Recoverable VAT is received centrally by DCA from HM Revenues & Customs and any amount receivable is not shown as a debtor on the OLSCC Balance Sheet.

DCA holds the operating lease on the property used by OLSCC and also has legal ownership of the non-leased tangible fixed assets used by that Office.

Fixed assets

Tangible assets primarily comprise IT equipment, developed software and furniture. IT equipment and software

development costing more than £1,000 are capitalised and then depreciated over 3-5 years. All furniture is pooled, then depreciated over 20 years. All depreciation is calculated on a straight line basis.

Pensions

Past and present employees of OLSCC are covered by the provisions of the Principal Civil Service Pension Schemes (PCSPS). The defined benefit schemes are unfunded and are non-contributory except in respect of dependant's benefits. The Department recognises the expected cost of these elements on a systematic and rational basis over the period during which it benefits from employee's services by payment to the PCSPS of amounts, calculated on an accruing basis. Liability for payment of future benefits is a charge on the PCSPS. In respect of the defined contribution schemes, the Department recognises the contributions payable for the year.

Income

The Commissioner levied a fine of £220,000 on the Law Society during the 2006-07 financial year. The Commissioner and her office derive no benefit from this receipt, since it is surrendered to the Lord Chancellor immediately under the provisions of Section 52(7) of the Access to Justice Act 1999 and ultimately surrendered to the Consolidated Fund. This fine is therefore reflected in the 2006-07 Resource Accounts of the Department for Constitutional Affairs, and is not included in these accounts. The full amount shown as income in these accounts therefore relates to the direct funding of the Commissioner's expenditure by the Law Society.

2. Income

	2006-07	2005-06
	£	£
Recharge of costs to the Law Society	1,089,643	1,038,076
Total	1,089,643	1,038,076

3. Staff Costs

	Employees £	Self-employed £	Agency staff £	2006-07 Total £	2005-06 Total £
Wages, salaries and fees	672,988	1,740	71	674,799	638,989
Social security costs	58,526	–	–	58,526	54,714
Other pension costs	133,313	–	–	133,313	119,178
	864,827	1,740	71	866,638	812,881

The Principal Civil Service Pension Scheme (PCSPS) is an unfunded multi-employer defined scheme but OLSCC is unable to identify its share of the underlying assets and liabilities. A full actuarial valuation was carried out as at 31 March 2003. Details can be found in the resource accounts of the Cabinet Office: Civil Superannuation (www.civilservice-pensions.gov.uk)

For 2006/07 contributions of £133,313 (2005-06 £119,178) were paid to the PCSPS on behalf of employees at rates determined by the Government Actuary and advised by HM Treasury. These rates were in the range 17.1% to 25.5% (2005/06 16.2% to 24.6%) of pensionable pay, based on salary bands. From 2007/08 the salary bands will be revised but the rates will remain the same.

4. Other Direct Costs

	2006-07 £	2005-06 £
Rentals under operating leases, hire of plant and machinery	16,721	16,361
Travel and subsistence	99,476	70,880
External consultancy	34,941	37,368
Office supplies	12,488	14,394
Printing and reprographics	36,037	55,252
Distribution, postage & Telecommunication	9,292	7,511
Other	45,935	58,327
Total	254,890	260,093

All OLSCC's staff are employees of DCA and further details of their pension scheme are given in the DCA resource accounts.

The average number of whole time equivalent persons employed during the year was 18.83 employees and 0.02 self-employed (2005-06 18.09 in total).

Staff costs include the Commissioner's salary and pension contributions made on her behalf. Zahida Manzoor CBE held the post during 2006-07. Please refer to Remuneration Report for further details.

5. Accommodation Costs

	2006-07	2005-06
	£	£
Rent and service charge	138,757	121,579
Rates	37,956	32,922
Other property costs	7,221	7,239
Total	183,934	161,740

6. Other non-cash Costs

	2006-07	2005-06
	£	£
Depreciation	11,617	5,919
Cost of capital	1,171	(1,203)
Impairment of asset	–	2,867
External audit fees	10,500	9,500
Total	23,288	17,083

The auditors received no remuneration for non-audit work.

7. Tangible fixed assets

	Furniture £	Computer and Other Equipment £	Total £
<i>Cost or valuation</i>			
At 1 April 2006	66,881	14,731	81,612
<i>Additions</i>			
At 31 March 2007	66,881	44,901	111,782
<i>Depreciation</i>			
At 1 April 2006	4,082	2,817	6,899
Charge for the year	3,344	8,273	11,617
At 31 March 2007	7,426	11,090	18,516
<i>Net book value</i>			
At 31 March 2007	59,455	33,811	93,266
At 31 March 2006	62,799	11,914	74,713

8. Debtors

8(a) Analysis by type

	2006-07 £	2005-06 £
Accrued Income	1,109,375	947,092
Accommodation prepayments	35,474	-
Other prepayments	4,323	56
	1,149,172	947,148

8(b) Intra-Government Balances

	2006-07 £	2005-06 £
Balances with other central government bodies	-	-
Balances with bodies outside central government	1,149,172	947,148
	1,149,172	947,148

9. Creditors

9(a) Analysis by type

	2006-07 £	2005-06 £
Law Society Income to DCA	1,109,375	947,092
Accommodation accruals	45,251	52,939
Other Accruals	11,265	31,462
	1,165,891	1,031,493

9(b) Intra-Government Balances

	2006-07 £	2005-06 £
Balances with other central government bodies	1,109,375	947,092
Balances with bodies outside central government	56,516	84,401
	1,165,891	1,031,493

10. Reconciliation of operating cost to operating cash flows

	Notes	2006-07 £	2005-06 £
Net operating cost		(540,326)	(468,019)
Departmental overhead charge		301,219	254,298
Other non cash costs	6	23,288	17,083
Increase in debtors		(202,024)	(940,398)
Increase in creditors		134,398	895,050
Net cash outflow from operating activities		(283,445)	(241,986)

11. General fund

	2006-07	2005-06
	£	£
Net expenditure for year	(540,326)	(468,019)
Financing from DCA	313,615	254,954
DCA Departmental overhead charge	301,219	254,298
Cost of capital	1,171	(1,203)
Auditor's remuneration	10,500	9,500
Net increase in General Fund	86,179	49,530
General Fund at start of year	(9,632)	(59,162)
General Fund at end of year	76,547	(9,632)

12. Commitments under leases

At 31 March 2007 DCA was committed to making the following payments during the year in respect of operating leases on assets used by OLSCC expiring:

	2006-07		2005-06	
	Land & Buildings	Other	Land & Buildings	Other
	£	£	£	£
Within one year	–	15,233	–	–
Two to five years	–	721	–	15,954
After five years	143,637	–	96,079	–
	143,637	15,954	96,079	15,954

13. Contingent liabilities

There are no contingent liabilities.

14. Related parties

DCA is a related party with which OLSCC had various material transactions during the year. OLSCC staff have not entered into any material transactions with OLSCC or DCA.

Zahida Manzoor CBE, the Legal Service Complaints Commissioner, also holds the role of the Legal Services Ombudsman. There have not been any material transactions between the two Offices.

15. Capital commitments

There are no capital commitments.

16. Post balance sheet events

In accordance with the requirements of FRS21, post balance sheet events are considered up to the date on which the accounts are authorised for issue. This is interpreted as the date the accounts are laid before Parliament. These accounts will be laid before Parliament on 10 July 2007.

On 9 May 2007, a new Ministry of Justice was established. The new Ministry performs the functions and activities of the Department for Constitutional Affairs. In addition, the National Offender Management Service, including the

Prison and Probation Services has transferred from the Home Office. The new Ministry also has lead responsibility for criminal law and sentencing policy. The Ministry of Justice will be responsible for policy on the overall criminal, civil, family and administrative justice system, including sentencing policy, as well as the courts, tribunals, legal aid and constitutional reform.

OLSCC is an Associated Office of the Ministry of Justice. No change to the working arrangements with OLSCC, nor any financial effect, is envisaged

17. Liquidity risk

OLSCC's has no borrowings, and its net resource requirements are met from resources voted annually by Parliament to DCA. DCA then settles all OLSCC's financial transactions irrespective of when the income from the Law Society is received and remitted to DCA. OLSCC is not, therefore, exposed to significant liquidity risk.

Also, OLSCC has no deposits, as cash at bank is held in DCA's bank accounts and not included in these accounts. All material assets and liabilities are denominated in sterling, so it is not exposed to interest rate risk or currency risk.

Remuneration Report

Auditable Sections

In accordance with the requirements of schedule 7A of the Companies Act 1985 (as amended), only certain sections of the Remuneration Report have been subject to full external audit. These comprise the paragraphs on salary and pension entitlements.

Remuneration Policy

The remuneration of senior civil servants is set by the Prime Minister following independent advice from the Review Body on Senior Salaries.

The Legal Services Complaints Commissioner (the Commissioner), though not a civil servant, receives salary increases annually in line with the average award to Senior Civil Service (SCS) employees.

As an independent Office Holder, the Commissioner is not subject to performance pay arrangements, although she discusses her annual appraisal with the Permanent Secretary of the Ministry of Justice.

In reaching its recommendations, the Review Body has regard to the following considerations:

- the need to recruit, retain and motivate suitably able and qualified people to exercise their different responsibilities;
- regional/local variations in labour markets and their effects on the recruitment and retention of staff;
- Government policies for improving the public services including the requirement on departments to meet the output targets for the delivery of departmental services;

- the funds available to departments as set out in the Government's departmental expenditure limits;
- the Government's inflation target.

The Review Body takes account of the evidence it receives about wider economic considerations and the affordability of its recommendations.

Further information about the work of the Review Body can be found at www.ome.uk.com.

Service Contracts

Civil Service appointments are made in accordance with the Civil Service Commissioners' Recruitment Code, which requires appointment to be on merit on the basis of fair and open competition but also includes the circumstances when appointments may otherwise be made. Further information about the work of the Civil Service Commissioners can be found at www.civilservicecommissioners.gov.uk.

The Commissioner is a statutory appointee. She holds the position, concurrently with that of the Legal Services Ombudsman, for a period of 3 years from appointment which currently expires on 2 March 2009. Both posts will be renewable on this date for further 3-year terms at the mutual discretion of the office holder and the Secretary of State.

Her contract does give the Secretary of State discretion to make a compensatory payment in the event of early termination 'should he consider there are special circumstances which make it right that the Office Holder should receive compensation'.

Remuneration

	2006-07 '000	2005-06 '000
Members		
Zahida Manzoor CBE	40-45	40-45

Pension Benefits

Name	Accrued pension at age 60 as at 31/03/07 £'000	Real increase in pension at age 60 £'000	CETV at 31/03/07 £'000	CETV at 31/03/06 £'000	Real increase in CETV £'000
Zahida Manzoor CBE	5-10	0-2.5	108	80	22

Salary and pension entitlements

The following sections provide details of the remuneration and pension interests of the Commissioner.

Salary

'Salary' includes gross salary; performance pay or bonuses; overtime; reserved rights to London weighting or London allowances; recruitment and retention allowances; private office allowances; ex-gratia payments; and any other allowance to the extent that it is subject to UK taxation.

Pension Benefits

The figures shown on the pension benefit relates to her role as both the Ombudsman and Commissioner, as it has not been possible to separate her pension entitlements. Zahida Manzoor CBE is a member of the PCS Premium / C1 Plus part of the Principal Civil Service Pension Scheme (PCSPS).

Civil Service Pensions

Pension benefits are provided through the Civil Service pension arrangements. From 1 October 2002, civil servants may be in one of three statutory based 'final salary' defined benefit schemes (classic, premium, and classic plus). The schemes are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under classic, premium, and classic plus are increased annually in line with changes in the Retail Prices Index. New entrants after 1 October 2002 may choose between membership of premium or joining a good quality 'money purchase' stakeholder arrangement with a significant employer contribution (partnership pension account).

Employee contributions are set at the rate of 1.5% of pensionable earnings for classic and 3.5% for premium and classic plus. Benefits in classic accrue at the rate of 1/80th of pensionable salary for each year of service. In addition,

a lump sum equivalent to three years' pension is payable on retirement. For premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum (but members may give up (commute) some of their pension to provide a lump sum). Classic plus is essentially a variation of premium, but with benefits in respect of service before 1 October 2002 calculated broadly in the same way as in classic.

The partnership pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 3% and 12.5% (depending on the age of the member) into a stakeholder pension product chosen by the employee from a selection of approved products. The employee does not have to contribute but, where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.8% of pensionable salary to cover the cost of centrally provided risk benefit cover (death in service and ill health retirement).

Further details about the Civil Service pension arrangements can be found in the resource accounts of the Cabinet Office: Civil Superannuation at www.civilservice-pensions.gov.uk

Cash Equivalent Transfer Values

Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme

and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. The CETV figures, and from 2003-04 the other pension details, include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the Civil Service pension arrangements and for which the CS Vote has received a transfer payment commensurate with the additional pension liabilities being assumed. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries.

Real Increase in CETV

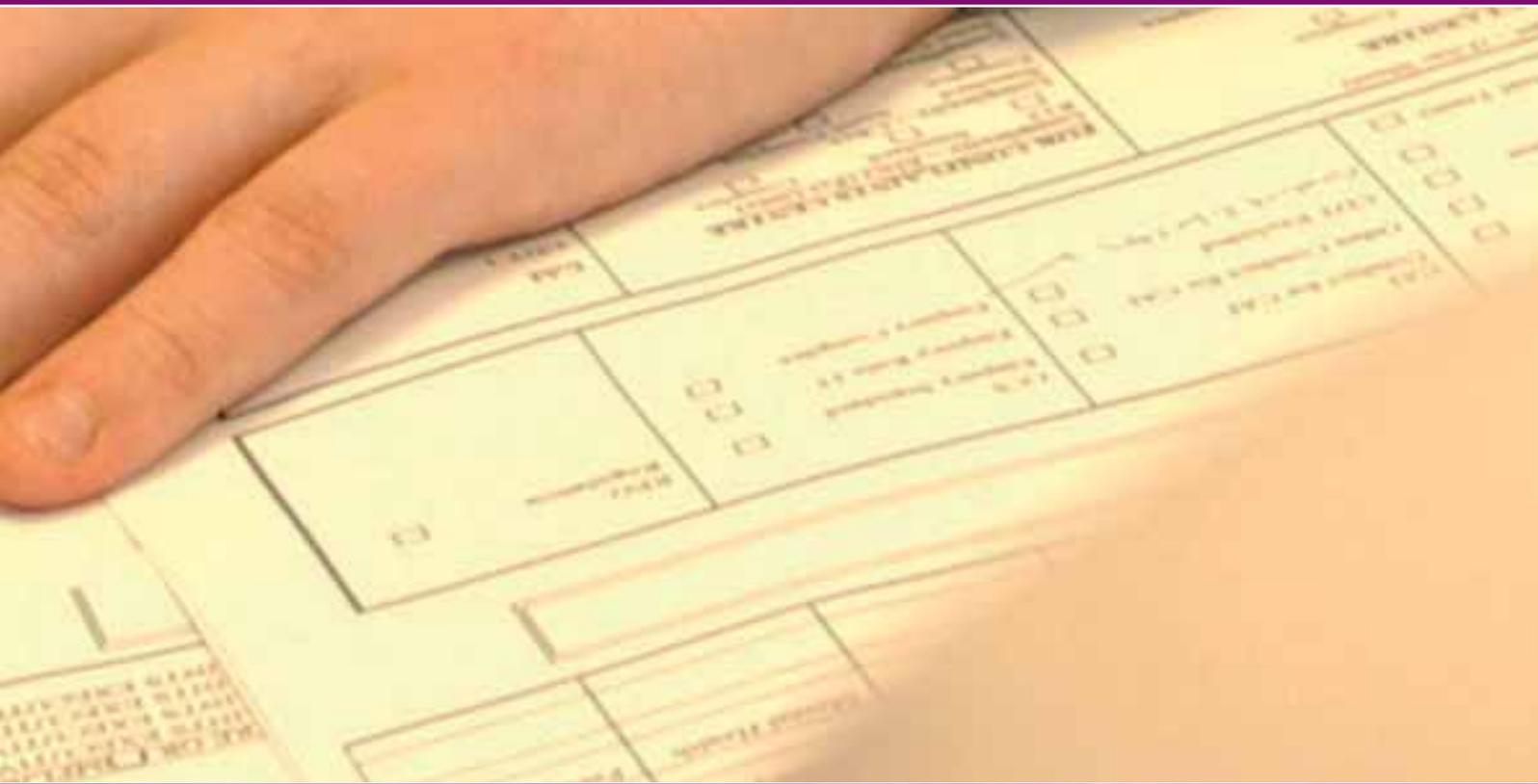
This reflects the increase in CETV effectively funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

Zahida Manzoor CBE
Legal Services Complaints Commissioner
for England and Wales



Date: 27 June 2007

Alex Allan
Accounting Officer
Date: 25 June 2007



Appendices

Appendix 1
The Commissioner's Powers

**The appointment of the Legal Services
Complaints Commissioner**

The Access to Justice Act 1999 contains details of the Commissioner's appointment and powers.

- **Section 51(1)** states that the Secretary of State may appoint a person as Legal Services Complaints Commissioner.
- **Section 51(2)** states that any appointment of a person as Commissioner shall be for a period of not more than three years; and a person appointed as Commissioner shall hold and vacate office in accordance with the terms of his appointment.
- **Section 51(3)** states that at the end of his term of appointment the Commissioner shall be eligible for re-appointment.
- **Section 51(4)** states that the Commissioner shall not be an authorised advocate, authorised litigator, licensed conveyancer or authorised practitioner (within the meaning of the Courts and Legal Services Act 1990) or a notary.
- **Section 51(5)** states that Schedule 8 (which makes further provision about the Commissioner) has effect.

**The Legal Services Complaints
Commissioner's functions**

- **Section 52(1)** of the Access to Justice Act 1999 states that if it appears to the Secretary of State that complaints about members of any professional body are not being handled effectively and efficiently, he may by direction require the Legal Services Complaints Commissioner to consider exercising in relation to the body such of the powers in subsection (2) as are specified in the direction.
- **Section 52(2)** of the Access to Justice Act 1999 states that those powers are:
 - (a) to require a professional body to provide information, or make reports, to the Commissioner about the handling of complaints about its members,
 - (b) to investigate the handling of complaints about the members of a professional body,
 - (c) to make recommendations in relation to the handling of complaints about the members of a professional body,
 - (d) to set targets in relation to the handling of complaints about the members of a professional body, and
 - (e) to require a professional body to submit to the Commissioner a plan for the handling of complaints about its members.
- **Section 52(3)** states that where the Commissioner requires a professional body to submit to him a plan for the handling of complaints about its members but the body:
 - (a) fails to submit to him a plan which he considers adequate for securing that such complaints are handled effectively and efficiently, or
 - (b) submits to him such a plan but fails to handle complaints in accordance with it,he may require the body to pay a penalty.

- **Section 52(4)** states that before requiring a professional body to pay a penalty under subsection (3) the Commissioner shall afford it a reasonable opportunity of appearing before him to make representations.
- **Section 52(5)** states that the Secretary of State shall by order made by statutory instrument specify the maximum amount of any penalty under subsection (3). The maximum amount specified is the lesser of one million pounds and one percent of the body's income.
- **Section 52(6)** states that in determining the amount of any penalty which a professional body is to be required to pay under subsection (3) the Commissioner shall have regard to all the circumstances of the case, including in particular:
 - (a) the total number of complaints about members of the body and, where the penalty is imposed in respect of a failure to handle complaints in accordance with a plan, the number of complaints not so handled, and
 - (b) the assets of the body and the number of its members.
- **Section 52(7)** states that a penalty under subsection (3) shall be paid to the Commissioner who shall pay it to the Secretary of State.
- **Section 52(8)** states that where a direction under subsection (1) in relation to a professional body has been given (and not revoked), section 24(1) of the Courts and Legal Services Act 1990 (power of Legal Services Ombudsman to make recommendations about arrangements for investigation of complaints) shall not have effect in relation to the body.
- **Section 52(9)** states that no order shall be made under subsection (5) unless a draft of the order has been laid before, and approved by a resolution of, each House of Parliament.
- **Section 52(10)** states that in this section "*professional body*" has the same meaning as in section 22 of the Courts and Legal Services Act 1990. "*Professional body*" includes the Law Society.

Appendix 2
Advisory Board and Consumer Board Members



Colin Brown – is Policy Director at the Office of Fair Trading (OFT). He joined the OFT in 2003 after three years as Chairman of the Financial Services Consumer Panel. He also worked as an independent consultant specialising in consumer policy and research, both in the UK and internationally. Before that he was Deputy Research Director at the Consumers' Association and Senior Fellow at the Policy Studies Institute.



Rob Chester – is currently Head of Risk and Deputy Company Secretary for Asda Stores Limited. He has an extremely broad role to assess and adequately control the risks that exist in a twenty first century retailer. Prior to joining Asda, Rob spent ten years at Tesco. Whilst progressing his retail career Rob also studied for a Law Degree and latterly the Legal Practice Course.



The Countess of Eglinton and Winton – has been involved as a fundraiser for the NSPCC since 1960, becoming a Trustee 1993 - 2003. She also served as a Trustee of the NSPCC Pension Scheme. Marion was a Governor of the Royal Masonic School for Girls 1992 - 1998. She is currently fund raising and organising events for Leonard Cheshire Scotland.



Professor Dame Hazel Genn – is Professor of Socio-Legal Studies in the Faculty of Laws at University College London, where she is also an Honorary Fellow. She is also lay member of the newly established Judicial Appointments Commission, a member of the Committee on Standards in Public Life and is currently leading a Public Legal Education Strategy Task Force established by the DCA. *Board Member until end March 2007.



Louise Hanson – has worked at Which?, the largest consumer organisation in Europe, since February 2000. She joined as a Senior Public Affairs Officer and became Head of Campaigns in July 2003. Previously Louise worked in campaigns and public affairs at Oxfam and Townswomen's Guilds.



David Harker OBE – has been Chief Executive of Citizens Advice since 1997. He joined Citizens Advice from Sense, the national disability charity, where he was managing director. His earlier career included management consultancy, running an inner city charity, working for a council of voluntary service, as a policy analyst for a local authority and a research and press officer for a trade union. David has an MBA from London Business School and an MA in social policy.



Malcolm Hurlston – is a social entrepreneur who has founded and chairs a number of charities and non-profit making organisations. This includes the Foundation for Credit Counselling, Britain's leading debt charity, and the Registry Trust, which registers judgement, fines and decree information in the UK and Ireland.



Clare Montgomery QC – (associate basis member) – a Deputy High Court Judge since 2003. Clare is a highly respected specialist in criminal law, perhaps best known for her work on 'white collar crime' cases, such as Guinness and Maxwell.



George Seligman – a partner with Slaughter and May, a leading international law firm with a world-wide corporate, commercial and financing practice. George specialises in financing, corporate recovery and insolvency work, and also has a general commercial practice. He has acted for borrowers and lenders on a wide range of financing transactions including securitisations, acquisition finance, syndicated and bilateral loans and structured finance.



Professor Avrom Sherr – is Director of the Institute of Advanced Legal Studies. He also continues as the Woolf Professor of Legal Education at the Institute. His main areas of interest have been the development of legal education, the sociology of the legal profession, ethics in professional work and the provision of legal services. He was a member of the Lord Chancellor's Advisory Committee on Legal Education and Conduct; and of the Race Relations and Equal Opportunities Committees of the Law Society of England and Wales. He also acts as a consultant to government and professional bodies in relation to access to justice and professional training and discipline.



Steven Silver – is Head Of Legal Services and Deputy Secretary of United Co-operatives Limited, the largest independent Co-operative Society in the UK. Steven was educated at Esher County Grammar School and the University of Durham where he obtained a Joint Honours degree in Law and Politics. Following his successful completion of the Law Society Finals Examination in 1983, Steven went on to work for a number of law firms including Sugden & Spencer Solicitors (1987 – 1993) and Radcliffes LeBrasseurs Solicitors (1993 – 1996) where he was a partner.



Stephen Boys Smith – a former senior civil servant with extensive experience of working closely with Ministers and managing and bringing change into large organisations. He is presently Joint Secretary to the Independent Monitoring Commission, Northern Ireland.



Michael G Wilson – has worked as a Lawyer for the Department of Transportation in Washington D.C., before joining the law firm of Surrey and Morse. He became a partner of this firm in 1972. In 1974 Michael left the firm to join EON Productions and is executive producer for the Bond films.

Appendix 3
The Office of the Legal Services Complaints Commissioner's Staff



Legal Services Complaints Commissioner
Zahida Manzoor CBE

Director of Operations
Les Courtnell

Head of Professional Body Performance
Lorraine Jackson

Head of Research and Investigations Branch
Bronwyn Baker

Head of Corporate Services
Jo Shaw until 16 June 2006
Bronwyn Baker from 19 June 2006

Professional Body Performance Team
Anita Holmes, Policy & Performance Manager
Cath Jones, Policy & Performance Officer
Marie Craven, Communications & Policy Adviser
Janice Revill, PA to the Commissioner & Policy Adviser
Carol Inns, Performance & Policy Adviser
Richard Pragnell, Policy Support & Research Assistant
until 4 August 2006

Research and Investigations Team
Tracey Walker, Investigations Officer
Mark Webber, Investigations Officer
Izzie Pragnell, Investigations Officer
Richard Brookes, Operational Research Analyst
until 17 November 2006
Sarah Swift, Operational Research Analyst
John Longden, Investigations Assistant
until 31 January 2007

Corporate Services Team
Karen Oseman, Corporate Services Manager
Lynne Fromings, Corporate Communications
Karl Monet, Budget, Estates and Plans
Sam Smith, Admin Support
Laura Urbina, Admin Support

Appendix 4

The Commissioner's Targets, Recommendations and Key Performance Indicators for LCS and SRA 1 April 2006 to 31 March 2007

Appendix 4

The Commissioner's Targets, Recommendations and Key Performance Indicators for LCS and SRA 1 April 2006 to 31 March 2007

The 3 key areas in which the Commissioner set targets for LCS and SRA's performance for the period 1 April 2006 to 31 March 2007 are:

- **Timeliness**

To improve the speed with which complaints are handled by LCS and SRA.

- **Quality of decisions**

To improve the quality of complaints handling by LCS and SRA.

- **Delivery of the Plan**

To implement LCS and SRA's agreed Plan for complaints handling.

The Commissioner's targets set for the period 1 April 2006 to 31 March 2007 are as follows:

Timeliness Target T1

By the end of March 2007, to have no more than 65 cases in the live caseload (all open cases) that have been open for 15 months or more.

Timeliness Target T2

Case closures:

- 57% of those cases closed on or after 1 April 2006 and on or before 31 March 2007 are closures within 3 months of opening; and
- 94% of those cases received on or after 1 April 2005 and on or before 31 March 2006 are closed within 12 months of opening.

Timeliness recommendation T/R1

LCS and SRA currently have delays in their handling of complaints (single periods of inactivity of 30 calendar days or more). The OLSCC audit carried out September/October 2005 found the main causes of delay attributable to LCS and SRA to be:

- Allocation;
- Failure to respond;
- Sickness/Other absences;
- Re-allocation to new teams;
- Re-allocation to new case worker;
- No obvious reason found for delay.

In all cases where there is a delay as defined above, the length of delay in each case needs to be reduced for case receipts during 1 April 2006 to 31 March 2007.

Quality Target Q1

Of those cases audited by the Commissioner's Office, 80% or more of cases closed after 1 April 2006 and aged 6 months and over, consideration and/or award of special payment will be in line with the relevant special payment policy guidance, and evidenced on the file.

Quality Target Q2

Of those cases audited by the Commissioner's Office, 80% of substantive responses provided between 1 April 2006 and 31 March 2007 will be within 55 calendar days of receipt.

Quality Target Q3

- For service matters, of those cases audited by the Commissioner's Office, 80% or more of consumers are contacted at least every 30 days following the first substantive response.
- For matters handled under the Informants' Protocol, of those cases audited by the Commissioner's Office, 80% or more of informants with an interest will be updated at either key stages of the investigation or 30 days where requested by a consumer.

Contact that is not regarded as progressing the matter includes:

- Phone messages left by the caseworker where no contact was made with the consumer and this message is not followed up by the caseworker;
- Contact that indicates the caseworker is reviewing the matter but makes no reference to any action to be taken;
- Contact that tells the consumer there has been a change within LCS and SRA e.g. a change of caseworker, but which in itself does not progress the matter.

Quality Target Q4

Of those cases audited by the Commissioner's Office, in 80% or more of cases where the matter progresses to conciliation or reasonable offer made (ROM), on or after 1 April 2006, LCS will share, at an appropriate stage, the indicative awards guidance and ROM guidance with the consumer and solicitor.

Quality Target Q5

Of those cases opened after 1 April 2006, and audited by OLSCC, in 95% or more of cases, heads of complaints are correctly identified and addressed during confirmation to the consumer.

Quality Target Q6

In 73% or more of referrals to the Legal Services Ombudsman the LSO upholds the handling of the case by LCS and SRA.

Quality recommendation Q/R1

At present LCS and SRA have timescales for the adjudication of cases, but no clear timescales for the completion of adjudication reports by the case worker. LCS and SRA's customer service standards guidance for staff should include a timescale for timely completion of adjudication reports.

Quality recommendation Q/R2

To improve quality, managers should ensure that every case is checked at closure by someone independent of the case worker(s) that dealt with the case.

Quality recommendation Q/R3

It is currently at the case workers' discretion whether they act on the advice provided by consultant case workers or case work advisers. LCS and SRA should consider making it mandatory for case workers to act on advice received from consultant case workers or case work advisers in a timely manner.

Quality recommendation Q/R4

LCS and SRA should ensure that all reconsideration cases from the LSO are re-investigated and concluded within 6 months from date of receipt from the LSO.

Quality recommendation Q/R5

LCS and SRA currently operate a temporary closure policy. The OLSCC benchmarking study found that no other organisation consulted operated a temporary closure policy. When a case is re-opened following temporary closure it is given a new file reference and any previous time spent on the complaint is discounted. Since April 2005 around 750 cases have been closed under this policy. For LCS and SRA when re-opened it is a new case, for the consumer this is an ongoing issue. LCS and SRA have recognised that the temporary closure policy could cause confusion to consumers. LCS and SRA should cease their policy on temporary closure.

Quality recommendation Q/R6

It is noted that both LCS and SRA have expressed concern in relation to the application of Rule 15 within individual firms of solicitors. It is the Commissioner's intention to consider a review of those cases that are referred back by LCS and SRA under Rule 15 where a firm has not taken the necessary action. LCS and SRA should review those firms that know what is expected of them under Rule 15 but who do not convert that understanding into effective complaints handling performance with clients. They should then share with the Commissioner their findings and proposed actions to improve this in order to provide an effective service to consumers and help reduce the volume of complaints they receive.

Appendix 4 continued

The Commissioner's Targets, Recommendations and Key Performance Indicators for LCS and SRA 1 April 2006 to 31 March 2007

Delivery of the Plan Target P1

Unless varied by agreement with the Commissioner, the Plan will be delivered by fully utilising the total budget as set out in LCS and SRA's 2006/07 complaints handling Plan. A tolerance band of -10% against the budget will be allowed.

Delivery of the Plan Target P2

Unless varied by agreement with the Commissioner, the Plan will be delivered by utilising resources as set out in LCS and SRA's 2006/07 complaints handling Plan. A tolerance band of -10% against the total resources will be allowed.

Delivery of the Plan Target P3

Unless varied by agreement with the Commissioner, the priority initiatives to support the delivery of LCS and SRA's 2006/07 complaints handling Plan will be achieved to time and cost in accordance with the Plan, meet all milestones declared in the Plan and deliver the stated objectives and benefits.

Delivery of the Plan Target P4

Unless varied by agreement with the Commissioner, progress against LCS and SRA's 2006/07 complaints handling Plan, the Commissioner's targets and supporting Key Performance Indicators will be reported in line with the timescales agreed with the Commissioner.

Key Performance Indicators to support the Commissioner's targets 1 April 2006 to 31 March 2007

Target	SP 1 - Improving the speed with which complaints are handled by LCS and SRA	
Ref	Title	Frequency of Law Society reporting
Timeliness KPI 1	Age profile (in months) of carry over to 2006/07 as at 1 April 2006.	One off requirement
Timeliness KPI 2	Age profile of closures in months, excluding enquiries, shown separately for those cases carried over at 1 April 2006 and new cases received from 1 April.	2006. Monthly
Timeliness KPI 3	Number of receipts each month after 1 April 2006, excluding enquiries.	Monthly
Timeliness KPI 4	Number and age profile of unallocated cases. Number and age profile to be shown in weeks for cases in the age profile 0-3 months.	Monthly
Timeliness KPI 5	Number of closures per FTE caseworkers.	Monthly
Timeliness KPI 6	Staff attrition rates shown by number of FTE staff for each band/grade - management, caseworkers, support staff and total.	Monthly
Timeliness KPI 7	Number of case transfers and average age of case at point of transfer.	Monthly
Timeliness KPI 8	Timeliness by outcome type.	Monthly
Timeliness KPI 9	Age profile (for written enquiries only), type and number of all helpline and written enquiries received and closed.	Monthly

Key Performance Indicators to support the Commissioner's targets 1 April 2006 to 31 March 2007

Target	SP 2 – Improving the quality of complaints handling by LCS and SRA	
Quality KPI 1	Number of and average size of special payments made by LCS and SRA.	Monthly
Quality KPI 2	The number of cases where consideration of a special payment was in line with the relevant special payment policy guidance, to be provided at least quarterly.	LCS and SRA Quarterly Audit Results
Quality KPI 3	Number and percentage of complaints acknowledged within 5 working days of receipt.	As above
Quality KPI 4	Number and percentage of opening letters where the consumer has been notified of the internal complaints procedure and advised that their complaint may be copied to the solicitor.	As above
Quality KPI 5	Number and percentage of closure letters where the consumer has been notified that the file has been closed, the reasons for the decision, LSO details and a reminder about the internal complaints procedure.	As above
Quality KPI 6	Number and percentage of cases where heads of complaints are correctly identified and addressed with the solicitor.	As above
Quality KPI 7	Number and percentage of cases where heads of complaints are correctly identified and addressed at case closure.	As above
Quality KPI 8	Number and percentage of referrals to LSO by Law Society outcome.	Monthly
Quality KPI 9	Number and percentage of complaints upheld by the LSO by Law Society outcome and LSO decision type.	Monthly
Quality KPI 10	Number, percentage and type of sanctions imposed by the Solicitors Disciplinary Tribunal.	Monthly
Customer Service KPI 11	Number and percentage of consumers satisfied with service, provided by LCS and SRA.	Monthly
Customer Service KPI 12	Number and percentage of consumers satisfied with the outcome of their complaint.	Monthly
Customer Service KPI 13	Number of complaints about LCS and SRA handled under the internal Law Society Complaints procedure.	Monthly

Appendix 5
Summary of LCS and SRA's Performance 1 April 2006 to 31 March 2007

Appendix 5
Summary of LCS and SRA's Provisional Performance 1 April 2006 to 31 March 2007 pending representation from LCS and SRA

Timeliness target

Cases closed	Actual performance 1 April 2006 to 31 March 2007	Target 1 April 2006 to 31 March 2007
Within 3 months	59%	57%
Within 12 months	94%	94%
15 months ²⁶	56	No more than 65 cases

Quality of decisions

Special payment	48.4%	80%
Substantive response in 55 days	78.5%	80%
30 day update Redress cases Informants' Protocol	61.9%	80%
Indicative awards and reasonable offer made guidance shared with consumer and solicitor	81.7%	80%
Heads of complaint in opening letter to consumer	97.6%	95%
Referrals upheld by Legal Services Ombudsman	68%	73%

²⁶ This target was to have only 65 cases over 15 months old by 31 March 2007

Appendix 6**LCS and SRA Initiatives outlined in the Improvement Plan 1 April 2006 to 31 March 2007**

Name of initiative	Planned start date	Planned completion date	Stated Aim
Resolve old cases	April 2006	March 2007	<p>The aim is to reduce the number of cases older than 15 months.</p> <p>Delivery of:</p> <ul style="list-style-type: none"> • improved tracking of older cases; • streamlined procedures to older cases; • formal escalation for older cases; • alternative resources to handle older cases; and • the inclusion of individual case progress in Performance Management.
Timeliness of complaint closure	April 2006	March 2007	<p>The aim is to achieve:</p> <ul style="list-style-type: none"> • 57% of new cases closed within 3 months; and • 94% of current cases closed within 12 months. <p>Delivery of:</p> <ul style="list-style-type: none"> • a reduction in inappropriate delay; • an improved speed of communication with customers, solicitors and third parties; • advanced mediation training for caseworkers; • improved workflow of cases; • standard use of the failure to reply processes; • standard use of all casework management tools.
Casework productivity	April 2006	March 2007	<p>The aim is to increase the number of complaint closures per caseworker by 5% by 28 February 2007.</p> <p>Delivery of:</p> <ul style="list-style-type: none"> • streamlined caseworking practices; • optimised decision making processes; • removal of temporary closures; and • a reduction in non-caseworking activities by the caseworker.
Unallocated time reduction	April 2006	March 2007	<p>Aim of:</p> <ul style="list-style-type: none"> • reducing the average age profile time of unallocated files to under 9 weeks by October 2006; • reduce the number of unallocated cases to 600 by 28 February 2007; and • reduce the average age profile of unallocated cases to allocation to 6 weeks or below by 28 February 2007. <p style="text-align: right;"><i>Continued over...</i></p>

Appendix 6 continued**LCS and SRA Initiatives outlined in the Improvement Plan 1 April 2006 to 31 March 2007**

Name of initiative	Planned start date	Planned completion date	Stated Aim
			Delivery of: <ul style="list-style-type: none"> • revised criteria for designation and allocation of new cases; • additional resources to support unallocated reduction along with contingencies to deal with fluctuations in receipts; and • streamlined processes for unallocated files.
Quality	April 2006	March 2007	Aims to: <ul style="list-style-type: none"> • ensure internal audit results show achievement of the Commissioner's targets; • show quarterly increases in customer satisfaction ratings for service; • put new file review process in place; and • minimise Caseworker Advisor involvement in files reviews. Delivery of: <ul style="list-style-type: none"> • quarterly audits, with feedback training to staff; • staff fully aware of the customer service standards; • a new file review process, linked to performance development; • a new letter receipt and acknowledgement process; • Informants' service standards; • a streamlined special payment policy and staff are fully trained; and • target timescales for report adjudication.
Business planning	April 2006	March 2007	Aims to: <ul style="list-style-type: none"> • ensure the total budget to support delivery of the plan will be fully utilised; and • ensure that all resources are fully utilised. Delivery of: <ul style="list-style-type: none"> • a fully resourced business planning team; • a resource database that will track and monitor resources, include information from the HR system and link to the capacity planning tool; • investigation of the benefits of profiling resource skills against incoming work; and • standard use of capacity planning.

Appendix 6 continued**LCS and SRA Initiatives outlined in the Improvement Plan 1 April 2006 to 31 March 2007**

Name of initiative	Planned start date	Planned completion date	Stated Aim
Separation of consumer complaints and professional regulation	Ongoing	February 2007	<p>Aims to achieve:</p> <ul style="list-style-type: none"> • counting rules, which separate redress from regulation; • specialist redress activities handled within LCS; and • Informants Protocol is in operation appropriately. <p>Delivery of:</p> <ul style="list-style-type: none"> • proposals for a change to the counting rules to separate redress from ongoing regulatory action; • separate the work of specialist teams and transfer redress activities to LCS; and • apply Informants Protocol to specialist teams remaining within SRA.
Extension of helpline opening hours	August 2006	April 2007	<p>This project will have achieved its objective when an informed decision has been made by the end of April 2007 on whether to permanently extend the helpline operating hours, based in part on the results of a pilot to be run during the year.</p> <p>Delivery of:</p> <ul style="list-style-type: none"> • initial research to identify the hours that best meet the needs of consumers; • determination of the resource requirements and costs; • identification and scoping of system changes; • investigation, scoping and roll-out of improved management information to measure customer response and service levels; • investigation of the introduction of shift work; • marketing and advertisement of the extended hours; and • changes to literature and stationery.
Assessment of Informants' Protocol	August 2006	March 2007	<p>Aims to assess the Informants' Protocol by a survey of Informants and to analyse and collate the findings.</p>

Appendix 7

The Commissioner's Targets, Recommendations and Key Performance Indicators for LCS and SRA 1 April 2007 to 31 March 2008

Appendix 7

The Commissioner's Targets, Recommendations and Key Performance Indicators for LCS and SRA 1 April 2007 to 31 March 2008

The 3 strategic priorities set by the Commissioner for 2007/08 provide balanced and complimentary objectives covering all complaints handling activity within LCS and SRA. The strategic priorities continue to address similar areas as those in 2006/07.

- **Strategic Priority 1**
Improving the speed with which complaints are handled by LCS and SRA.
- **Strategic Priority 2**
Improving the quality of complaints handling by LCS and SRA.
- **Strategic Priority 3**
Implementing LCS and SRA's agreed Plan.

The Commissioner's targets set for the period 1 April 2007 to 31 March 2008 are as follows.

Timeliness Target T1 - By the end of March 2008, to have no open cases that have been open for 12 months or more. For Redress and Conduct (RDC) matters only, to have no more than 65 cases that have been open for 12 months or more.

Timeliness Target T2 – 67% of cases received are closed within 3 months.

Timeliness Recommendation TR1 – In order to achieve the Commissioner's targets, in all cases where there is delay as defined below, it is recommended that the length of delay needs to be reduced for case receipts during April 2007 to March 2008.

- Allocation
- Failure to respond
- Sickness/other absence
- Reallocation to new caseworker
- No obvious reason
- Report writing

Quality Target Q1 – 93% of complaints are acknowledged within 5 working days of receipt.

Quality Target Q2a - 88% of complaints receive a substantive response from LCS and SRA within 45 calendar days of receipt of the complaint.

Quality Target Q2b – 93% of cases to confirm the following standard information to informants: Law Society powers and processes, internal complaints procedure and confirm to the consumer that their complaint may be copied to the solicitor about whom the complaint has been made.

Quality Target Q3 – 85% of complaints have, at an appropriate stage, the Law Society's Indicative Awards Guidance (IAG) and Reasonable Offer Made (ROM) guidance (where the ROM process is being followed) shared with the consumer and solicitor (this must be sufficiently evidenced on the case).

Quality Target Q4 – 88% of cases to be contacted every 30 days or at key stages.

Quality Target Q5 – In 85% or more of cases closed on or after 1 April 2007, and six months and over:

- consideration and/or award of special payment(s) must be in line with the relevant Law Society special payment policy guidance and evidenced on the case; and
- there must be evidence on the case of a special payment consideration on closure that is in line with policy guidance.

Quality Target Q6 – 73% or more of referrals to the LSO in which the LSO upholds the handling of the case by LCS and SRA.

Quality Recommendation QR1 – To improve quality, LCS and SRA managers should ensure that every case is checked at least once during its lifecycle by someone independent of the caseworker that deals with the case, and lessons learned should be fed back at individual caseworker and team level where necessary.

Quality Recommendation QR2 – LCS and SRA committed in their 2006/07 complaints handling Plan to cease the temporary closure policy. This should have been removed by 1 April 2007 at the latest.

Quality Recommendation QR3 – It is recommended that LCS and SRA undertake a review of their use of outsourcing and develop a long-term strategy on its use, including how they can ensure they receive best value for money from this resource.

Delivery of the Plan Target P1 – The total budget to support the delivery of LCS and SRA's 2007/08 complaints handling Plan to be at least 95% utilised in accordance with the Plan.

Delivery of the Plan Target P2 – All resources (including: staff, outsourcing, Local Conciliation Officers) to support delivery of LCS and SRA's 2007/08 complaints handling Plan to be at least 95% utilised in accordance with the Plan.

Delivery of the Plan Target P3 – Priority initiatives to support the delivery of LCS and SRA's 2007/08 complaints handling Plan are delivered to time and cost in accordance with the Plan, and meet all related milestones and benefits to be realised.

Delivery of the Plan Target P4 – Progress against LCS and SRA's 2007/08 complaints handling Plan, the Commissioner's targets and supporting KPIs is reported to the Commissioner each month showing monthly and year-to-date information (dates have been agreed for the Commissioner's monthly performance report during 2007/08). This report should also show, at least on a quarterly basis, the findings of LCS and SRA's own internal quality audit report.

Delivery of the Plan Recommendation PR1 – LCS and SRA should ensure that they have consistent guidelines for their project managers to ensure that all changes are managed in a structured and controlled way.

Delivery of the Plan Recommendation PR2 – LCS and SRA should better assess the feasibility of their improvement work before inclusion in their work programme and also before implementation commences.

Delivery of the Plan Recommendation PR3 – LCS and SRA should improve their use of evaluation techniques, to ensure they understand where their change work has resulted in improvements and where they need to do more.

Additional recommendations being made by the Commissioner, to improve LCS and SRA's handling of complaints

AR1 – To support this work and ensure that action is taken now, particularly in the context of LCS and SRA's development of new IT systems, the Commissioner recommends that LCS and SRA:

- improve their collection and analysis of information about the people who complain to them;
- improve their collection and analysis of information about the solicitors being complained about, including identification of the solicitors responsible for the majority of complaints; and
- take action to ensure that these findings are translated into improved access to their own service, and address the training and needs of their members.
- LCS and SRA to report their progress on implementation of this recommendation monthly, including their plans for developing regular reporting on this to all stakeholders.

Appendix 7 continued

The Commissioner's Targets, Recommendations and Key Performance Indicators for LCS and SRA 1 April 2007 to 31 March 2008

Key Performance Indicators for 1 April 2007 to 31 March 2008

Target Strategic Point 1 – Improving the speed with which complaints are handled by LCS and SRA

Ref	Title	Frequency of Law Society reporting
Timeliness KPI 1	Age profile (in months) of carry over to 2007/08 as at 1 April 2007	One-off information requirement
Timeliness KPI 2	Age profile of closures in months	Monthly
Timeliness KPI 3	Age profile of receipts after 1 April 2007 in months	Monthly
Timeliness KPI 4	Number of receipts by type	Monthly
Timeliness KPI 5	Number of closures by type	Monthly
Timeliness KPI 6	Number and age profile of unallocated cases	Monthly
Timeliness KPI 7	Number of closures per FTE caseworker	Monthly
Timeliness KPI 8	Number of case transfers and average age of case at transfer	Monthly
Timeliness KPI 9	Timeliness by outcome type	Monthly
Timeliness KPI 10	Age profile of, and number of helpline and written enquiries received and closed	Monthly
Timeliness KPI 11	Number of cases rolling over 9 months old at end of the previous month	Monthly

Target Strategic Point 2 – Improving the quality of complaints handling by LCS and SRA

Ref	Title	Frequency of Law Society reporting
Quality 2 KPI 1	Number and percentage of cases where heads of complaints are correctly identified and addressed during confirmation to the client/informant	Monthly
Quality 2 KPI 2	Number and percentage of cases where heads of complaints are correctly identified and addressed with the solicitor	Monthly
Quality 2 KPI 3	Number and percentage of cases where heads of complaints are correctly identified and addressed at case closure	Monthly
Quality 5 KPI 1	Number of and average size of special payments made by LCS and SRA	Monthly
Quality 6 KPI 1	Referrals to LSO by outcome, case type, method of decision	Monthly
Quality 6 KPI 2	Complaints upheld by LSO by outcome, case type, method of decision	Monthly
Quality 6 KPI 3	Breakdown of numbers referred and sanctions imposed by the Solicitors' Disciplinary Tribunal	Monthly

**Other Key Performance Indicators –
Customer Satisfaction**

Ref	Title	Frequency of Law Society reporting
Customer Service KPI 1	Satisfaction with service	Monthly
Customer Service KPI 2	Satisfaction with outcome	Monthly
Customer Service KPI 3	Proportion of complaints about LCS and SRA handled under their internal complaints procedure	Monthly

**Other Key Performance Indicators –
Report Writing**

Ref	Title	Frequency of Law Society reporting
Report Writing KPI 1	Average time taken to write a report for adjudication	Monthly

Appendix 8

LCS and SRA's Initiatives outlined in the Improvement Plan 1 April 2007 to 31 March 2008

Appendix 8

LCS and SRA's Initiatives outlined in the Improvement Plan 1 April 2007 to 31 March 2008

Name of initiative	Planned start date	Planned completion date	Stated aim
Undertake an equality and diversity assessment	April 2007	March 2008	<p>To assist in embedding a culture of equality and diversity and support working towards becoming a model of good practice on equality and diversity.</p> <p>Will deliver:</p> <ul style="list-style-type: none"> • baselined audit of policies and procedures with regard to equality and diversity; • improved gathering and recording of equality and diversity information from customers, informants and solicitors; • identified policies and procedures for impact assessment; and • findings, recommendations and implementation plan.
Review of complete process for handling complaints	April 2007	March 2008	<p>To highlight areas for improvement in both speed and quality to enhance overall performance.</p> <p>Will deliver:</p> <ul style="list-style-type: none"> • process model with responsibilities and accountabilities; • how each step interacts with others to develop existing processes; and • an online process manual, accessible to caseworkers.
Review to assess implications and requirements of publishing solicitors' complaint records	April 2007	March 2008	<p>To scope the feasibility of publishing data on solicitors' complaint records to inform consumers when selecting legal services.</p> <p>Plans to deliver:</p> <ul style="list-style-type: none"> • recommendation to both Boards; • subject to Board approval, implementation; • improved information for consumers of legal services; and • improved quality of service offered by the legal profession.

Appendix 9
Key facts and figures

- At 31 July 2006 there were 104,543 solicitors in England and Wales.²⁷

Below are some key facts and figures relating to legal complaints handling in the period 1 April 2006 to 31 March 2007:

- LCS and SRA received 18,434 new complaints against solicitors. During 2005/06 they received 18,299 new complaints;
- of the 18,434 new complaints received in 2006/07, 4,917 were conduct cases received in SRA;
- LCS and SRA received 476 miners' cases that had been handled under the Coal Health Compensation Scheme;
- the total Law Society expenditure was just over £1.38m²⁸;
- LCS and SRA budget shown in their Improvement Plan was £36.122m;
- LCS and SRA employed 426.64 (full time equivalent) staff in their complaints handling operation;
- there were 282 sanctions against solicitors imposed by the Solicitors Disciplinary Tribunal. Of these, 74 were struck off, 90 were fined, 37 suspended and 11 no order. There were 70 sanctions in other categories, including reprimands, applications granted and refused, appeals and costs only decisions;
- the OLSCC budget was £1.63m;
- the average number of whole time equivalent persons employed by the OLSCC was 18.83 and 1 self-employed to support the Commissioner in regulating LCS and SRA;
- the OLSCC audited in excess of 4,300 Law Society casefiles.

²⁷ Trends in the solicitors' profession Annual statistical report 2006 published by the Law Society

²⁸ The Law Society's Management Accounts Figures for the period ending 31 March 2007

**Appendix 10
Glossary**

This section provides a glossary of useful words, terms, acronyms, abbreviations and phrases used within this Annual Report.

2005/06	This covers the period from 1 April 2005 to 31 March 2006.
2006/07	This covers the period from 1 April 2006 to 31 March 2007.
2007/08	This covers the period from 1 April 2007 to 31 March 2008.
Adjudication	The process used when a formal decision is required if a caseworker cannot help a consumer and solicitor reach agreement on the case
Complaints	Means both complaints, in which solicitors' customers seek redress, and allegations about solicitors' conduct, whether made by solicitors, consumers or by third parties. The term 'complaint' does not include enquiries where LCS and SRA provide information, clarification, or explanation of jurisdiction. These are counted separately and recorded as 'enquiries'.
Commissioner	Legal Services Complaints Commissioner.
Conciliation	This is a process leading to the resolution of the complaint by agreement between the consumer and solicitor without the need for a formal decision by LCS.
Conduct cases	A complaint that relates to the actions/behaviour of an individual solicitor rather than the service received from the firm of solicitors as a whole.
Consumer	Anyone who uses LCS and SRA's service. This is both people who have a complaint about their solicitor, and solicitors against whom a complaint has been received.
Counting Rules	The counting rules are those agreed with LCS and SRA as set out in the Legal Services Ombudsman's definitions document and determine whether correspondence received from the consumer is categorised as either an enquiry or a complaint.
FTE	Full-time equivalent (with relation to staff).
Informant	Someone who informs the SRA of an allegation of misconduct.
KPI	Key Performance Indicators - a measure used to assess the effectiveness of a particular process, system or service.
LCO	Local Conciliation Officers - these are solicitors who have received complaints handling training to enable them to investigate complaints on behalf of LCS.
LCS	Legal Complaints Service – (from 22 January 2007) the complaints handling body of the Law Society of England and Wales. This is the organisation handling service related complaints about solicitors. Formerly known as the Consumer Complaints Service (CCS).
Legal Services Consumer Board	Established to advise the Commissioner on consumer issues, and assist in identifying what the consumer expects from complaints handling in legal services provision.
LSB	Legal Services Board – under the Government's legal reforms it is proposed that the LSB will become responsible for the oversight of all the legal front-line regulators including the Law Society.
LSO	Legal Services Ombudsman appointed by the Lord Chancellor to oversee complaints about solicitors, barristers, legal executives, licensed conveyancers and patent agents by the six professional bodies responsible for setting and maintaining standards of conduct and service within the legal profession. The Ombudsman cannot be a qualified lawyer and is completely independent of the legal profession.
MI	Management Information supplied by LCS and SRA.
OLC	Office for Legal Complaints – under the Government's legal reforms it is proposed that the OLC will become responsible for handling all complaints about the legal profession and will be independent of the legal professional bodies.

OLSCC	Office of the Legal Services Complaints Commissioner.
Outside Law Society jurisdiction	There are certain categories of complaint, which fall outside LCS and SRA jurisdiction to handle – for example some types of negligence cases.
PSU	Practice Standards Unit, the part of the Law Society's SRA responsible for monitoring standards amongst members of the Law Society, including the quality of complaints handling processes that all solicitors are required to have in place to deal with complaints.
Redress case	A case where allegation(s) of poor service are raised and require possible investigation leading to possible payments of compensation.
Regulation case	A case where allegation(s) of misconduct are raised and require possible investigation leading to possible regulatory sanctions by the SRA.
RDC	Redress and regulatory case. A complaint which starts as a customer redress complaint with the LCS, then suggests aspects of misconduct which requires separate investigation leading to possible regulatory sanctions by the SRA.
Resolved without Law Society intervention	The consumer and solicitor have reached agreement on the complaint without the need for any intervention on the part of LCS.
Rule 15	This is the rule governing the complaints handling procedures which solicitors should have in place. LCS and SRA will generally only consider cases where the consumer has first registered the complaint with the solicitor in question. This has now been revised and is termed Rule 2.
SDT	The Solicitors Disciplinary Tribunal is a statutory tribunal whose primary function is to consider and adjudicate upon allegations of professional misconduct or breaches of professional rules by solicitors and solicitors' employees. It is constitutionally independent of the Law Society although its administration is funded by the Society. The SDT may order: <ul style="list-style-type: none"> • the striking off the Roll of the name of the solicitor to whom the application or complaint relates; • the suspension of the solicitor from practise; • the payment by the solicitor of a penalty.
Special Payments	These are used to compensate the consumer for loss, inconvenience or distress caused by failings in LCS and SRA service, (previously known as ex-gratia payments).
SRA	The Solicitors Regulation Authority – the regulatory body of the Law Society of England and Wales. Formerly known as Conduct Assessment and Investigation Unit (CAI).
Temporary Closures	A case file can be temporarily closed when matters outside of LCS and SRA's control, as outlined in their procedures, are ongoing which may have a bearing on the outcome of the complaint. In these cases, once the matter is resolved, the onus is on the consumer to resume contact with LCS and SRA.
The Act	Access to Justice Act 1999 except where specified.
Upheld	Case has been investigated and found to be valid and no conciliation has been involved. Such cases could then be passed forward for further action – e.g. a misconduct case.
Within jurisdiction but investigation declined	This is where the size and type of investigation that would be involved versus the benefit of undertaking such a process, deems the process not viable or unwarranted, e.g. very minor conduct cases or complex negligence.