



Legal Services
Complaints
Commissioner

Actions Not Words

Consumers matter

Legal Services Complaints Commissioner's
Annual Report and Accounts 2005–2006.

**Annual Report and Accounts of the Legal Services
Complaints Commissioner 1 April 2005 to 31 March 2006**

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Commissioner's Foreword



Zahida P. Manzoor

Zahida Manzoor CBE
Legal Services Complaints Commissioner

When I accepted the post of Legal Services Complaints Commissioner, I knew it was going to be a challenge to improve the complaints handling arm of the Law Society and turn back years of poor performance.

In this Annual Report I have summarised the improvements which have been made since my appointment. I am pleased that I can report that the Law Society's complaints handling organisation is, in parts, a more efficient and better performing operation since I was appointed. It has performed better than last year on its speed in dealing with some newer cases and on the quality of some of its decisions.

However, and despite these improvements, the Law Society has only met three out of its seven complaints handling targets for the period 1 April 2005 to 31 March 2006. These were targets that were included in the Law Society's improvement Plan for the same period. In the context of the low starting point for the Law Society's complaints handling performance, this is disappointing.

For me, the targets I set and the plan I required from the Law Society go hand in hand and are both important. The targets indicate the level of performance required and the plan should state how that level of performance would be achieved.

After lengthy consideration about the Law Society's efforts to implement the work outlined in this improvement Plan, I wrote to the Law Society on 26 May 2006 to let it know that I was minded to declare that it had failed to handle complaints in accordance with its Plan. At this point

I also offered the Law Society the opportunity to make representations to me before making my final decision. At the time of writing this report the Law Society has provided me with its written and oral representations, on 13 and 15 June 2006 respectively, and I am considering these before making my final decision. If my final decision is that the Law Society did not handle complaints in accordance with its improvement Plan, I shall have to consider whether to levy a penalty, and if so, in what sum.

This Annual Report sets out, amongst other things, the areas where I feel that progress has been made, and where I believe the Law Society could have taken more action to implement its improvement Plan and achieve its targets.

The Law Society did exceed three of its timeliness targets. This is good news. But, what is disappointing for me with relation to those targets that were missed is that it means some people are still having to wait too long to have their complaint dealt with. Some consumers are still receiving poor customer service, and there is a lack of consistency in the way in which some cases are being managed. Too often organisations forget the impact of their failures on consumers, even if they acknowledge missing targets. The experience of consumers is what matters. I want to see actions not words over the coming twelve months.

My challenge over the next twelve months will be to work with the Law Society to try and make up any lost ground and to build on those improvements which it has made this year. I will want to see greater effort in order to ensure that the users of its services, consumers and practitioners alike, can start to benefit.

I would like to take this opportunity to thank the members of my team for their hard work and commitment, and my Advisory Board and Legal Services Consumer Board for their support. I very much look forward to continuing to work with them and to ensuring the perspective they add to my work benefits both the consumer and legal practitioners.

This is an exciting time for those who are keen to see how the Government's reform of legal services will be implemented in practice. My hope is that the new organisations, which the Government plans to set up, will deliver real and sustainable improvements for the users of legal services, and for practitioners, the majority of whom already provide excellent services. I am working to actively share the experience I have as the Legal Services Complaints Commissioner and Legal Services Ombudsman to inform these developments, to help ensure that changes are made for the good of all. This is a challenging time, for my own organisation and for others, but I am confident that we can rise to the challenge and deliver.

Executive Summary

In March 2005, a Member of Parliament tabled a debate in the House of Commons because of his concerns about the way in which the Law Society had handled his constituent's complaint.

He said, "I want to draw attention to structural deficiencies in complaints handling by the Law Society that need to be addressed immediately. The case of my constituents... makes it clear how urgent and necessary that improvement in complaints handling has become."¹

As the Legal Services Ombudsman I had already seen first hand the problems caused to both consumers and the profession because the Law Society was not handling complaints either effectively or efficiently. I accepted the post of Legal Services Complaints Commissioner because I wanted to be able to influence and work with the Law Society to make improvements to this service.

My aim

My aim, as Legal Services Complaints Commissioner, is to regulate the Law Society to help ensure that it handles complaints about its members effectively and efficiently. This is a challenge that I feel strongly about. People are often accessing legal services when they are at their most vulnerable and it is essential that there

¹ Former MP Nigel Beard, House of Commons Hansard debate, 21 March 2005

is a suitable complaints handling system in place, with appropriate redress, for when things go wrong. Similarly, it is in the interests of the profession that complaints about them as members are dealt with fairly and quickly. My view remains that the Law Society's system has to be impartial, user-friendly, timely, proportionate, transparent and must offer appropriate redress when things go wrong. I want to see the delivery of better standards of service for the consumer and the legal profession, through the Law Society improving its performance in its complaints handling.

My approach

In order to focus the Law Society on key areas for improvement, I requested that it provide a plan showing how it would deliver performance improvements in its complaints handling system and processes over the period 1 April 2005 to 31 March 2006.

In relation to the Law Society's performance, I set targets in four key areas for this period. These were:

- **Timeliness** – consumers want their complaints resolved in a reasonable time;
- **Customer satisfaction** – consumers want to see clear service standards, receive regular contact to discuss the progress of their complaint, and have an effective remedy where one is appropriate;
- **Quality of decisions** – consumers want to see their cases investigated fairly and consistently which have followed the correct and appropriate procedures; and
- **Delivery of the Plan** – this involves the Law Society having a proper planning process, drawing together people with the right skills, making proper use of its budgets and resources, and delivering the intended level of performance within reasonable time scales and then sustaining it.

The Law Society agreed these target areas and included them in its improvement Plan covering the period 1 April 2005 to 31 March 2006.²

Summary of the Law Society's Performance, 1 April 2005 to 31 March 2006

During the period from 1 April 2005 to 31 March 2006, the Law Society's complaints handling service:

- started the year in April 2005 with a backlog of 6,492 cases;
- received 18,299 new complaints, 5.4% above its own forecast of 17,357, and which is 1,225 more new cases than it received in 2004–05;
- closed 18,840 complaints, 0.5% above its own forecast of 18,738, and which is 803 more cases than it closed in 2004–05;
- closed 45 more cases per month on average than it received;
- ended the year with 5,985 cases carried forward to the start of April 2006;
- was underspent by £3.092 million (8.3%) against its planned budget of £37.042 million; and
- was on average 9.9 staff down each month throughout the year.

My concern was that, despite my determination, I would be unable to improve an organisation branded as "letting the consumer down"³ by Government and which had appeared unmoved to effect change so far, for example when set targets by Ministers.

At the start of the year I hoped to be able to tell you in this Annual Report that anyone who now complains to the Law Society could expect to have an improved service compared to that received twelve months earlier. So I am pleased to be able to report that with the help of my Office there have been some improvements compared to performance during the period 1 April 2004 to 31 March 2005. The Law Society's complaints handling organisation is, in part, a more efficient and better performing operation since I was appointed and progress was certainly made last year.

- The Law Society closed 55% of its cases (10,280 cases) within 3 months compared to 51% (9,863 cases) during 2004-05. This means that 417 more consumers had their cases closed within 3 months than the previous year.
- It closed 77% of its cases (14,549 cases) within 6 months compared to 72% (13,246 cases) during 2004-05. This means that 1,303 more consumers had their complaints closed within 6 months compared to the previous year.
- It achieved 67% on its quality of decisions performance, a 5 percentage point improvement compared to performance during 2004-05. This means that 346 more cases were found to satisfy the Legal Services Ombudsman compared to 2004-05.
- It reduced its backlog of cases by 7.8% (507 cases), from 6,492 at the end of March 2005 to 5,985 cases by the end of March 2006.
- It reduced the number of its oldest cases, those over 18 months old, from 563 to 338.

² The Law Society Plan can be viewed on the Law Society's website, www.lawsociety.org.uk.

³ David Lammy MP, House of Commons Hansard debate, 21 March 2005.



The Commissioner and the Minister

One phrase I have used before and which summarises this year for me is that the Law Society is slowly moving in the right direction, if not at the pace I would like. However, despite the improvements highlighted above, the Law Society has met only three of the seven targets it included in its Plan.

- It has missed its target for the percentage of cases it should close within 12 and 18 months, which means that some consumers are having to wait too long to have their complaint dealt with.
- It only achieved 67% on its quality of decisions performance, 3 percentage points down on its target. This means that the Law Society is not applying its own policies and guidelines on enough cases.

- It missed its customer satisfaction target by 7 percentage points, only achieving 61%. This means that only 6 out of 10 of its customers are satisfied with the service provided by the Law Society.

This is disappointing as these targets were set at the lowest level at which I felt I could ask the Law Society to aim, whilst also ensuring that it made improvements for the users of its service. I had also reduced two of these targets from my original level to take account of the Law Society's representations to me. My announcement at the time of declaring the improvement Plan adequate, in May 2005, reflected my concerns about what the Plan and targets would deliver for consumers:

"At this stage, if the Law Society acts in accordance with its Plan, it would be a small step towards achieving effective and efficient complaints handling. The final destination could take longer than the three years I had anticipated to bring about real improvements for the consumer."⁴

Unfortunately the Law Society has not fully achieved this small step.

What seems to be apparent is that, at times, there appears to be a disconnection between what the Law Society reports it will do publicly and what it actually delivers. While some of its expressed aspirations are to be praised, if they are not delivered in practice they have little meaning. I want to see action not words, over the coming twelve months.

My decision on the Law Society's performance against its improvement Plan for the period 1 April 2005 to 31 March 2006

Under my statutory powers, I have to consider whether the Law Society has handled complaints in accordance with its improvement Plan, which includes its targets. I have therefore considered the Law Society's efforts to implement the work outlined in its improvement Plan at some length. A simple failure to meet a target does not of itself necessarily mean a failure to handle complaints in accordance with the Plan and I need to consider all of the factors in the round in coming to my decision.

On 26 May 2006, I wrote to the Law Society to let it know that my provisional decision was that I was minded to declare that it had not handled complaints in accordance with its Plan. At this point I also offered the Law Society the opportunity to make any final representations to me before making my final decision.

In considering my provisional decision I took account not only of the targets that the Law Society missed, but also the effort that the Law Society made to achieve these targets. The Law Society provided me with its written and oral representation on 13 and 15 June 2006 respectively, and at the time of writing this report I am considering these before making my final decision. If my final decision is that the Law Society did not handle complaints in accordance with its improvement Plan, I shall have to consider whether to levy a penalty, and if so, in what sum.

My plans for the period 1 April 2006 to 31 March 2007

Over the next twelve months I will work closely with, and regulate, the Law Society to help ensure that any changes made last year will be a foundation for improvements during the period 1 April 2006 to 31 March 2007. As this Annual Report demonstrates, there is more work to do and I am keen for the benefits for both the consumer and the profession to be realised quickly.

My aim will be that both consumers and practitioners of legal services will start to see a real difference. With this in mind I will continue to have a result focused and productive working relationship with the Law Society, one that supports and encourages delivery of what consumers and legal practitioners should reasonably expect from a complaints handling system.

To this end, my Office has undertaken extensive work during the last twelve months to inform the development of targets for the Law Society for the period 1 April 2006 to 31 March 2007. These targets reflect my desire to move the Law Society closer towards an effective and efficient service for its users.

⁴ Legal Services Complaints Commissioner, "Law Society delays still a problem for the consumer", Press Notice dated 16 May 2005.



Quality service meeting individual needs



My hope is that these targets will bring about further improvements and have a tangible and beneficial impact on the consumers of legal services.

As part of these targets I will need to see evidence from the Law Society that it:

- continues to close new cases more quickly as well as dealing with older cases promptly;
- reduces delays throughout all of its processes, so that it takes less time to handle complaints;
- makes an effective and efficient utilisation of its budget and resources; and
- has a consistent approach to decision making and more effective quality control processes to track and monitor that cases are correctly handled from beginning to end.

Achieving the targets should bring about greater improvements for the consumer and the practitioner alike. Full details of the targets I have set for the Law Society for the period 1 April 2006 to 31 March 2007 can be found in Appendix 9.

My decision on the Law Society Plan for the period 1 April 2006 to 31 March 2007

With this in mind, last year I requested a plan from the Law Society showing how it will improve its performance in complaints handling for the period 1 April 2006 to 31 March 2007. The targets I set and the plan I required from the Law Society go hand in hand and are both important. The targets indicate the level of performance required and the plan should state how that level of performance would be achieved. The final version of the improvement Plan, which included the targets that the Law Society believed it could achieve in this period, was received at my Office

⁵ Legal Services Complaints Commissioner, "Law Society Plan aims too low for the consumer", Press Notice dated 3 April 2006.

on 10 March 2006 following a significant period of discussion with the Law Society.

On 3 April 2006, I announced that I had declared this Plan as inadequate for securing effective and efficient complaints handling. This was because the Plan presented by the Law Society did not aim to deliver sufficient improvements in complaints handling which consumers and practitioners expect and deserve. The Plan did not include all of the targets I set which I believed to be reasonable. Those targets included changes I had made to try and secure agreement with the Law Society.

*"I am very disappointed to have to declare this Plan inadequate, particularly after the joint working that has taken place between my Office and the Law Society to have the Plan ready for the start of April. Unfortunately, I have been left with no option as the Plan neither includes all the targets I set, which I believe to be reasonable, nor does it aim to deliver sufficient improvements in complaints handling which consumers and practitioners expect and deserve."*⁵

The small improvements the Plan did aim to deliver were mostly through increases in staff and budget. Indeed the Law Society has, in numerous press releases, announced that it is putting more and more money into its complaints handling systems. This in itself is not a problem, although it is a cost to the profession that I would expect the Law Society to be keen to reduce. What concerns me is how this increase in spending is being translated into better complaints handling. There seems to be little attention as to what benefits will be achieved from its expenditure. It will be vital for the future organisations that handle legal complaints to be cost effective. The way the Law Society currently operates may not be the platform on which to build this efficiency.

My penalty decision on the Law Society Plan for the period 1 April 2006 to 31 March 2007

Following my announcement that the Law Society Plan for the period 1 April 2006 to 31 March 2007 was inadequate for securing effective and efficient complaints handling, I provided the Law Society with an opportunity to make representations to me as to whether I should impose a penalty, and if so, in what sum. The Law Society took this opportunity and provided both written and oral representations to me, on 28 April and 5 May 2006, respectively.

Having taken these representations and all other factors into account, I decided to levy a penalty of £250,000. I notified the Law Society of my decision, on 17 May 2006.

"I have decided to levy a penalty of a quarter of a million pounds on the Law Society. This reflects the fact that, amongst other things, the Law Society has failed to include in its Plan all of my targets at the levels set. For example, I have yet to be convinced why the time that consumers have to wait, to receive a letter, setting out the main points of their complaint, cannot be reduced from three months to at least two."

"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."⁶

At the time of writing this Annual Report I am disappointed that there is no agreed Law Society plan in place for the period 1 April 2006 to 31 March 2007.

⁶ Legal Services Complaints Commissioner, "Quarter of a million pound penalty for the Law Society", Press Notice dated 18 May 2006.

However, during this year I will continue to monitor the Law Society against the targets I have set for the period 1 April 2006 to 31 March 2007.

The future for legal services

Looking ahead to the future for legal services I am delighted at the proposals made in the White Paper,⁷ which will make a real difference to the consumers of legal services, if implemented fully. We have an excellent legal service, probably the best in the world, but the few legal practitioners who are letting the profession down must be targeted and appropriate action taken. This is in the best interests of consumers and those in the profession who already deliver first class services.

In particular, I welcome the proposals for the two new organisations:

- the Legal Services Board (LSB), which will become responsible for the oversight of all the legal front-line regulators including the Law Society; and
- the Office for Legal Complaints (OLC), which will become responsible for handling complaints about legal practitioners and will be independent of the legal professional bodies.

It is essential for both the consumer and the profession that this Government policy becomes legislation and that these radical reforms are seen through in spite of the challenges from those who will seek to preserve their own interests. As Legal Services Ombudsman and Legal Services Complaints Commissioner, (posts which will disappear under the changes), I have been active in sharing my experience and knowledge with the Government in order to help the new organisations have the best possible start.

⁷ The Government White Paper, "The future of Legal Services: Putting Consumers First", published 17 October 2005.

The Government recently published the draft Bill and it is pleasing to see that it has remained true to the policy proposals set out in its White Paper. Indeed, the Government has also listened to commentators such as myself in drawing up the detail of the draft Bill. For example, it has taken forward my recommendation to include the important role of Chief Ombudsman to lead the OLC. I recommended this because I believe the OLC will need to vest its powers in an individual whose independence can be preserved. From the consumer's point of view, the term "Ombudsman" which is understood and trusted will be retained in the reformed legal system, and will serve to underline the impartiality of the new complaints handling regime.

What is essential is that the draft Bill is allowed to be enacted in as pure a form as possible. There can be no turning back or watering down. The consumer and the profession have waited long enough for the radical overhaul this system needs.

My thanks

In addition to my Advisory Board, which I set up in December 2004, I have now established a Legal Services Consumer Board, which in my view will be key to ensuring that consumer's views on complaints handling are at the heart of the Government's legal reforms. I would like to take this opportunity to thank the members of both my Advisory Board and Legal Services Consumer Board for their support. I very much look forward to continuing to work with them and to ensuring the perspective they add to my work benefits both the consumer and legal practitioners.

Finally, I would like to thank my staff for their commitment, particularly during this uncertain time. Despite only being a small Office, my staff have made an impact that matches the efforts of a much larger organisation. I am sure they will continue to rise to the challenge of improving legal services for the consumer and the profession.



**All equal, all different –
access to justice for all**



The year in perspective

Background.

It is nearly two and half years since I took up post as Legal Services Complaints Commissioner, with the aim of improving how the Law Society handles complaints about its members.

In my last Annual Report, 'Law in Order: Your right to expect better',⁸ I reported how my Office had been set up and the actions I had taken to ensure that both my Office and I understood the operations of the Law Society and where key changes were required. This work included introducing regular review meetings with the Law Society and working with it in key areas, such as how satisfied those who had a complaint were with the service they received.

This work was essential for me to discharge my responsibilities as Commissioner, in accordance with the powers given to me by the Secretary of State for Constitutional Affairs in the Access to Justice Act 1999. These powers enable me to:

- set targets for improvements in the performance of the Law Society in handling complaints;
- request plans from the Law Society detailing how it intends to deliver against those targets and make other improvements; and

⁸ Legal Services Complaints Commissioner's Annual Report 2004-05, "Law in Order: Your right to expect better", which was published in July 2005 and can be viewed on the OLSCC web site, www.olscc.gov.uk

- levy financial penalties if it fails to provide adequate plans or handle complaints in accordance with those plans.

In addition, my powers allow me to:

- require the Law Society to provide information or produce reports about its handling of complaints;
- undertake investigations into the handling of complaints by the Law Society; and
- make recommendations in relation to its handling of complaints.

Law Society Plan, 1 April 2005 to 31 March 2006

I believe there are two critical questions that any organisation that wants to improve needs to ask itself; where do we want to be and how are we going to get there? The answers to these questions should provide the direction and the detail. If there is no goal, or if the path to achieve the goal is unclear, then how will improvements be made?

That is why in early 2004 I requested that the Law Society provide a plan showing how it would deliver performance improvements in its complaints handling system during the period 1 April 2005 to 31 March 2006. I requested that the improvement plan cover all parts of the Law Society that handle complaints. This includes its Consumer Complaints Service (CCS), which handles the majority of consumer complaints made against solicitors in England and Wales, and the Conduct Assessment and Investigation Unit (CAI), which is responsible for dealing with complaints about the conduct of solicitors and some specialist areas. Conduct complaints are those that relate to the actions and behaviour of an individual solicitor rather than the service provided by the solicitor.

I also specified that the improvement plan should include the Law Society's approach to staffing, budget and the activities it will undertake to make improvements in its complaints handling. All of these areas are key to ensuring that improvements are made. For example, it is no good working out how many staff

are needed to deliver improvements, if these are not then recruited, or deciding how much money is needed and then not utilising this effectively. I wanted to ensure that the Law Society had all the right systems and processes in place to be able to meet the improvements I wanted to see for the users of its services, consumers and practitioners alike.

At the same time as requesting a plan on how it was going to improve its performance in its complaints handling, I also proposed targets in four key areas and required the Law Society to include these in its plan.

Target 1 - Improving timeliness

The Law Society should close at least:

- 55% of complaints within 3 months
- 75% of complaints within 6 months
- 85% of complaints within 9 months
- 92% of complaints within 12 months
- 98% of complaints within 18 months

Consumers should have their complaint dealt with in a reasonable time, and not have to experience unnecessary delays.

Target 2 - Improving customer satisfaction

72% or more of complainants should be satisfied with the handling of their complaint by the Law Society.

Consumers should receive a good quality of customer service, which meets their individual needs.

Target 3 - Improving the quality of decisions

70% or more of referrals to the Legal Services Ombudsman should result in the Law Society's handling of the case being upheld.

Consumers should know that decisions on their complaints have been made consistently, and that the Law Society has followed its own procedures, without any unfair discrimination in its complaints handling decisions.

Target 4 - Delivery of the Law Society Plan

All key milestones to be delivered on time as specified in the Year 1 Law Society Plan (unless varied by agreement with me).

I believe the improvements I had requested from the Law Society, via a plan, were realistic and achievable and would bring about improvements in complaints handling for the consumer.

The Law Society provided me with a number of versions of its plan for the period 1 April 2005 to 31 March 2006. There were shortcomings in these in a number of respects. For example, the information provided did not convince me that the high number of initiatives put forward by the Law Society could be successfully implemented in practice, or that they were sufficiently focused on those areas that would deliver the greatest improvements for consumers. I was also concerned about the lack of information on what benefits the initiatives would actually deliver.

"I have now studied the Law Society's plan. I cannot say it is adequate to achieve the targets I have set. The plan does not fully observe the guidance I have provided and contains fundamental weaknesses in the information it gives".



Going forward together



1

1 April 2005 to 31 March 2006 continued The year in perspective

"We are rapidly approaching the point where we must move on from planning to actually delivering benefits for the consumer. I am offering the Law Society just a little more time to get its plan right and a further opportunity to meet with my staff and myself. I urge the Law Society to swiftly take on board what I am seeking and to produce an adequate plan so we can go forward together".⁹

When setting the level for the targets that I expected the Law Society to include in its improvement Plan, I listened to representations from the Law Society. As a result, I made a number of changes. These changes included:

- reducing the target for closing complaints within 3 months from my original level of 55% to 53%; and
- reducing the customer satisfaction target from my original level of 72% to 68%.

In my discussions about the targets with the Law Society, it requested assurance that it would not be penalised if it failed to meet the targets at the level I had set. To enable us to move from discussions about the targets to implementation of the work outlined in the improvement Plan, I therefore agreed to include a tolerance band for the customer satisfaction and quality of decision targets.¹⁰ This was a level within which the Law Society would not be fined.

- I introduced a tolerance band of between 65% and 68% for the customer satisfaction target.
- I introduced a tolerance band of between 65% and 70% for the quality of decisions target.

Introducing a tolerance band gave the Law Society the comfort zone it was seeking. However, I was

concerned that the Law Society was not being ambitious enough. It seemed more concerned about any penalty which might be levied, should it miss its targets, than about making improvements to its complaints handling.

Although I introduced a tolerance band, I was clear that achieving improvements to the target level I had set was required if the consumer was to benefit and see a difference. Indeed some consumer organisations were concerned that the targets I had finally set, were too low to bring about the necessary improvements for consumers. I encouraged the Law Society not to aim for the lowest denominator, and required that it should be able to demonstrate to me at the end of the year that it had made every effort possible to achieve the targets at the level I had set, and not just within the tolerance band.

After more than ten months of discussion and submission of several versions of a complaints handling plan by the Law Society, it agreed to include the lowered targets in its final Plan. It also provided some more detail on the initiatives that it believed may deliver improvements.

Throughout the process, I had concerns about the planning capability of the Law Society. However, in May 2005 the effort expended by my Office and the Law Society resulted in a positive step and I was finally able to declare the Law Society's Plan for complaints handling as adequate, allowing us to move forward. This was a critical result for the consumer as it set the path to improvement. I felt that, if the Plan was implemented effectively, it could start the Law Society on its road to becoming an effective and efficient organisation.

⁹ "Law Society Plan not adequate, says Legal Services Complaints Commissioner", Press Notice dated 15 November 2004.

¹⁰ Pages 12 & 14 of the Law Society Plan, which can be viewed on the Law Society's web site, www.lawsociety.org.uk.

“As Commissioner it is my responsibility to set targets that deliver a level of service the consumer can reasonably expect. I also determine whether the Law Society’s own Plan is adequate for securing improvements. It is then for the Law Society to implement those plans. At this stage, if the Law Society acts in accordance with its Plan, it would be a small step towards achieving effective and efficient complaints handling. The final destination could take longer than the three years I had anticipated to bring about real improvements for the consumer.... I have always been a strong advocate for good customer service and in the Law Society’s case I think the consumer has already waited long enough.”¹¹

My powers as Commissioner include the power to levy a penalty on the Law Society if it does not provide a plan, which adequately sets out how it will achieve effective and efficient improvements in its service, or if it fails in the implementation of the plan. Full details of my responsibilities and powers as the Commissioner are shown at Appendix 1.

The link between my powers and the benefits for consumers is crucial. There is little point in me declaring an improvement plan as adequate if I do not believe that its effective implementation will deliver real improvements to the Law Society’s service for the consumer and the profession. For me, the targets I set and the plan I required from the Law Society go hand in hand and are both important. The targets indicate the level of performance required and the plan should state how that level of performance will be achieved. Over the last twelve months I have been working to ensure that the Law Society’s improvement Plan is not just a token gesture, but that it is fully implemented to bring about real change on behalf of the consumer.

Consideration of whether the Law Society acted in accordance with its Plan during the period from 1 April 2005 to 31 March 2006

In recognising that many factors can influence performance within any organisation, I set out clearly at the beginning of the year what factors I would take into consideration in assessing the Law Society’s performance against its improvement Plan. These were:

- all factors relevant at the time;
- how many targets are missed, how close the Law Society is to achieving them and how it has performed on the other targets;
- the volume and nature of cases that the Law Society has dealt with compared to the numbers projected in the Plan;
- progress made in implementing the initiatives in the improvement Plan and any recommendations made by me;
- whether the resources envisaged in the Plan have actually been deployed;
- whether there is any evidence that the Law Society is making all reasonable efforts to carry out the Plan in a committed and positive way; and
- any representations made by the Law Society.

Through working closely with the Law Society, and requiring from it regular management information as well as the audits undertaken by my Office, I have been able to assess the Law Society’s performance against its Plan.

¹¹ Legal Services Complaints Commissioner, “Law Society delays still a problem for the consumer”, Press Notice dated 16 May 2005

The Law Society's progress

Law Society performance against its improvement Plan, 1 April 2005 – 31 March 2006

On 26 May 2006 I wrote to the Law Society to let it know that my provisional decision was that I was minded to declare that it had failed to handle complaints in accordance with its Plan for the period 1 April 2005 to 31 March 2006.

At this point I offered the Law Society the opportunity to make representations to me before my final decision is made.

My provisional decision meant I felt that the Law Society had not made every effort to make the improvements it had outlined in its Plan. These were improvements it had identified as being necessary for the users of its service. This was not a decision that I took lightly. How much better to be able to announce that the Law Society had made every effort to deliver these improvements and achieve its targets?

The Law Society has provided me with its written and oral representations, on 13 June and 15 June 2006 respectively. At the time of writing this report I am still considering these before I make my final decision. If my final decision is that the Law Society did not handle complaints in accordance with its improvement Plan, I shall have to consider whether to levy a penalty and if so, in what sum.

In this chapter I will set out how and why I came to this provisional decision, where I think that progress has been made, and where I believe the Law Society could have taken more action to implement its improvement Plan and achieve its targets.

Law Society performance against its targets

The Law Society has only met three of its seven targets during the period 1 April 2005 to 31 March

2006. However, I am pleased to be able to report that with the help of my Office there have been some improvements compared to performance during the period 1 April 2004 to 31 March 2005. The Law Society met, and exceeded, three of its timeliness targets. It missed its customer satisfaction and its quality of decisions targets, but made improvements on the latter compared to 2004-05

Fig. 1 Timeliness target

Cases Closed within	1 April 2005 – 31 March 2006 actual performance	1 April 2005 – 31 March 2006 target
3 months	55%	53%
6 months	77%	75%
9 months	86%	85%
12 months	91%	92%
18 months	95%	98%

Fig. 2 Customer satisfaction

1 April 2005 – 31 March 2006 actual performance	1 April 2005 – 31 March 2006 target
61%	68%

Fig. 3 Quality of decisions

1 April 2005 – 31 March 2006 actual performance	1 April 2005 – 31 March 2006 target
67%	70%

To put this performance into the context of the last few years, it may be interesting to note that before taking up post in February 2004 the Law Society's complaints handling performance had been on a downward trend. It is pleasing to note that since I took up post there has been some improvement and the Law Society's complaints handling is, in parts, a more efficient and better performing operation, particularly in the time taken to close newer cases. In real terms, a consumer submitting a complaint to the Law Society today has a better chance of it being dealt with faster than a year ago.

However, I note with concern that the Law Society has not been able to improve its performance further, particularly when taking into account the level of its planned expenditure of £37.042 million. In terms of the 18 month timeliness target, and the quality of decisions target, the improvements shown have only returned the Law Society to a performance level of 2002-03.

I expect the Law Society to make further improvements before it is possible to say that consumers are now receiving an appreciably better service.

TARGET 1 – IMPROVING TIMELINESS

In my opinion consumers should have their complaint dealt with in a reasonable time, and not have to experience unnecessary delays.

The Law Society's timeliness in dealing with cases is an ongoing concern of mine. It is a concern that I have raised with the Law Society on numerous occasions, including as Legal Services Ombudsman, as have previous Ombudsmen.

When I first became Commissioner, the Law Society was performing very poorly in terms of how quickly it cleared complaints. Information provided to my Office in April 2004 showed that the Law Society had 539 cases open which were over 18 months old, 238 of these cases had been open for over 2 years. I felt it was imperative that this changed because consumers should be able to expect that their complaint will be resolved in a reasonable time. This is a sentiment that the Law Society's own Independent Commissioner has also recently expressed.

"I suggest that a further step change in the pace with which complaints are handled will be necessary, and

with the aim at least of making sure that no case takes more than a year to resolve. A year is, after all, a lengthy period for what is effectively a summary process.”¹²

As a result of my concerns, in September 2004 I made a number of recommendations to the Law Society. One of these recommendations suggested that it should undertake detailed analysis of the main causes of delay and identify where in the process they occur. In addition, I also set it specific timeliness targets for closing a certain percentage of cases within 3, 6, 9, 12 and 18 month time bands, with a need to review them year on year to achieve a level a consumer could reasonably expect.

Following Law Society representation I agreed to change the target I had set for it to clear cases within 3 months from 55% to 53%.

When comparing the Law Society’s performance for 2005-06 against its performance in 2004-05, I am pleased to see that there has been an improvement in all of the timeliness target areas for the percentage of cases closed. This suggests that the Law Society is now closing a greater number of cases more quickly.

Despite this improvement in performance compared to previous years, during the last twelve months the Law Society has only achieved the targets I set for the percentage of cases to be closed within 3, 6 and 9 months. I am disappointed to see that it has failed to meet the targets I set for the percentage of cases to be closed within 12 and 18 months.

In May 2005, the Law Society wrote to me saying that there was a problem in meeting the 18 month target I had set, and which it had originally agreed to, because of the number of cases it had in the over 18 month category as at that date. I had given notice of the targets I was minded to set the Law Society in September 2004. I was therefore disappointed that the Law Society let itself get into the position it did by May 2005. I do not believe the Law Society made enough effort to reduce its over 18 month old cases, or those rolling into this age band, during that period.

In responding to the Law Society’s concerns about this I asked for information about the solutions being proposed to address the older cases. I made it clear that in assessing performance I was interested not only in performance but positive action to improve service and overcome issues.

Fig. 4 Timeliness – comparison of performance during the period 1 April 2005 to 31 March 2006, and performance in 2002-03, 2003-04 and 2004-05

% of cases closed within	2002-03	2003-04	2004-05	2005-06	Commissioner’s Target for 2005-06
3 months	48%	42%	51%	55%	53%
6 months	73%	65%	72%	77%	75%
9 months	N/A	N/A	83%	86%	85%
12 months	89%	87%	88%	91%	92%
18 months	95%	95%	94%	95%	98%

¹² Sir Stephen Lander, the Law Society’s Independent Commissioner, Annual Report and Valedictory, published October 2005.

In October 2005 the Law Society wrote to me to report that it had set itself a goal to reduce the number of cases rolling into the over 18 month group to less than 30 cases a month. It further reported that it had set itself a target to reduce its cases by March 2006 to:

- 378 cases in the 13-18 month age group; and
- 310 cases in the over 18 month age group.

I note that the Law Society did not meet its own modified targets. There were 418 cases in the 13 to 18 month age group and 338 in the over 18 month age group at the year end. Nor did it reduce the number of cases rolling into the over 18 month age group to less than 30 cases a month. It is disappointing that the Law Society set itself internal targets but missed them.

However, I accept the Law Society took action in formulating a strategy. This makes a difference. Some action was taken on these cases and with some positive outcomes - it has reduced the number of cases it has which are over 18 months old from 563 to 338. I urge the Law Society to take further steps, during the next twelve months, to try and reduce its number of older cases. In particular, it needs to better control the high number of cases that become unnecessarily old because of the Law Society's own delays.

I believe there are a number of steps that the Law Society could have made to help it get closer to, or meet, its timeliness targets, for example, in the use of its resources. The Law Society reported in its improvement Plan that to meet its targets it would need to:

- spend £37.042 million; and
- have the equivalent of 407 full time staff.

However, at the end of the year it was running with an underspend of £3.092 million and was, on average, the equivalent of 25 full-time staff down each month for the first five months.

Being under staffed must have played a part in the delivery failures, for example on the number of its cases waiting to be given to caseworkers and the number of its cases rolling into older timebands.

The Law Society reported to me in its representation that it implemented quarterly recruitment campaigns and recruited an additional 81 posts over the Plan year. It also reported that it had done this incrementally over the Plan period in order to manage it in a sustainable way. While I accept that the Law Society may have made some effort, for example on recruitment, the staffing complement was well below what was envisaged as needed over the first five months of the Plan. Indeed, the Law Society accepted in monthly and quarterly meetings with my Office that the recruitment had "got off to a slow start".

I can also find little evidence that the Law Society made efforts to actively consider what additional action it might have taken to improve its service with its £3 million underspend. While it did extend its self-imposed criteria for the cases that it would outsource to solicitor's firms to deal with, this was not until January 2006, only three months before the end of the Plan year.

My Office has undertaken a number of audits of the Law Society's case files during the period 1 April 2005 to 31 March 2006. This has included an audit on the Law Society's Special Payments policy, which took place in May and June 2005, and an Annual Case file audit which took place in September 2005. My Office



has also undertaken an audit of the Law Society's handling of complaints relating to the Coal Health Compensation Scheme. This took place between February and May 2006. The findings from this audit are due to be published shortly.

The results of my audits have shown that delay by the Law Society is a major factor as to why the Law Society has been unable to meet some of its timeliness targets. In February 2005, an audit undertaken by my Research and Investigations team found evidence that the main reasons for delay on case files centred around failure to allocate files quickly, and delays while the case progressed. These delays could be attributed to the Law Society caseworker, the solicitor against whom the complaint was made or with progressing cases to the Law Society's adjudication panels. It is very concerning that a further audit by my own Research and Investigations team during May and June 2005 again identified that consumers continued to face similar unnecessary delay and inconsistencies in the handling of cases by the Law Society.

The Law Society had included a number of initiatives in its improvement Plan aimed at helping it to meet its timeliness target. Progress against these is reported below.

Initiatives aimed at reducing delay

Delay is not in the interest of the consumer or the profession – why should anyone have to wait if delays can be avoided? A quality organisation should not have unnecessary delays in its processes.

I believe that dealing with a complaint in the most effective time possible is not only an indication of an efficient organisation, but is also good for consumers and the profession. I have made a number of

recommendations to the Law Society aimed at helping it to understand how it could remove unnecessary delay from its processes. This included a recommendation that it should undertake an analysis of the main causes of delay, and where in the Law Society's complaints handling process they occur. I was therefore pleased that the Law Society responded to this by including in its improvement Plan two initiatives designed to identify the causes of delay and where processes could be improved.

As part of these initiatives the Law Society has reported that it has made a number of changes, including a change in the way in which it now undertakes the designation of its cases. The Law Society reports that designation now takes place in two specified sessions a day and is closely tracked. Another change the Law Society reports is that cases are now allocated in date order, a simple improvement, but one which should help to ensure that those consumers who have been waiting the longest get seen first.

The Law Society's own analysis suggests that the changes it has made has reduced the time it takes for a case to reach the allocation team from 4 days down to 2 days. However, this improvement achieves nothing if the case is not then allocated to a caseworker quickly, (the average age of unallocated cases has increased from 34 days in April 2005 to 50 days by March 2006).

The Law Society also reported that its changes had reduced the number of cases that needed to be transferred later in the complaints handling process because they had initially been wrongly designated. There certainly seemed to be some evidence of this during the year, but I was concerned to see that the number of transfers was increasing towards the end of the year.

Solicitor delay

The Law Society and the profession need to work more effectively together to remove unnecessary delays in the time taken in sending and receiving correspondence during the investigation of a complaint.

Two of my audits of Law Society case files have commented on the impact of delays caused by solicitors not replying to requests for information from the Law Society. In the case file audit undertaken by my Research and Investigations team, which was published in April 2006, it reported that over 20% of files with a progress delay, could be attributed at least in part to delays caused by the solicitor. This audit found that the Law Society's approach to obtaining responses from solicitors was not sufficiently robust and caseworkers only used the powers available to them in 18% of cases where the solicitor did not respond within the agreed timescales. It is therefore my view that this is an area with considerable scope for improvement.

As a result I recommended that the Law Society should develop a more robust approach to setting deadlines to help ensure solicitors responded quickly to the requests for information sent to them.

In response, the Law Society reported in its improvement Plan that it would be looking at its procedures to explore the development of new standards for response times from solicitors and ways in which these might be enforced. However, the Law Society reported later in the plan year that it would not be developing new procedures after all and would instead focus on ensuring staff were using the old procedures correctly. I am concerned that the Law Society did not sufficiently investigate whether the use of the existing procedures was the most appropriate way forward and I will be monitoring the future effectiveness of this.

Case Study

In a conveyancing case there was an allocation delay of seven months before the complaint was referred to a caseworker for action. During this period the consumer rang to ask what progress was being made. The caseworker contacted the solicitor but was not given the information they requested. The caseworker continued to request the information several times over a four month period. Although no response was provided from the solicitor, the caseworker failed to use the formal powers available to them to compel the solicitor to respond. Following this there was a further three month delay due to the caseworker being off work on sick leave and no other staff taking forward the complaint. A decision was finally made to adjudicate on the case, but there was a further five month delay before the adjudication report was completed. Although a special payment of £250 was made to compensate the consumer for a seven month delay, the actual delay on the case was more than this.

Case Study

In a probate case there was an eight month delay because the caseworker did not manage to obtain a response from the solicitor. The caseworker responsible for dealing with the complaint did not adequately chase up solicitor responses, and the initial assessment of the case was not thorough, which led to numerous clarifications with the solicitor. Subsequent delays followed and when the case was finally brought to a conclusion the consumer had experienced a total delay of 17 months. The caseworker did not offer any special payment to the consumer to compensate them for the delay they suffered.

Casework management and resource planning

I believe that an efficient organisation should have control of its casework management and resource planning to ensure that complaints are handled as quickly and effectively as possible.

The audit by my own Research and Investigations team in May and June 2005 found that there continued to be a lack of active case management by the Law Society on its case files. This is important because the Law Society needs to have control of its casework management to ensure that there is regular activity on its cases and complaints are handled as quickly and as efficiently as possible.

The Law Society has introduced two new tools this year. One is aimed at improving the workload management of caseworkers and one is aimed at improving resource planning by managers. It reported that the two tools would assist managers to plan the resource levels required across its business area to meet the volume of complaints and should help caseworkers to better manage the complaints they are dealing with.

The casework management tool, an electronic “to do” list, has introduced the use of standardised task management across teams. Previously, there was no standardised system for a caseworker to use to manage their workload and, while some individuals built their own task management tools, others had none. The introduction of a standardised system for tracking cases is one that I support, because if it is an effective tool it should help caseworkers to manage their caseloads and assist with tracking case progress.

The introduction of a resource planning tool for managers should be a rich information source for Law Society management, if used effectively. The Law Society has reported that early findings show that the tool has resulted in more consistent case closure over a month, rather than case closures mainly happening towards the end of the month. I await further findings on the impact of this with interest. I note with concern, however, a worrying trend in the increasing number of cases not yet allocated to a caseworker. By the end of March 2006 there were 1,183 cases awaiting allocation. This is 19.7% of the total cases it still has to deal with. It is also worth noting that the average



Consumers are depending on the Law Society to improve now

age of an unallocated case by the end of March 2006 had increased from 34 days at the start of the plan year to 50 days. The Law Society stated this was a short term effect of the tool, but as the year progressed it seemed not to have identified how it could stem this increase.

Lay Panel activity

Who can help a consumer who has to wait a year and a half to have their complaint resolved? The Law Society should continue to raise the profile of those complaints, and conclude them as a matter of urgency.

When I first became Commissioner I was concerned about the lack of non-legal involvement in the complaints handling process, and recommended that the Law Society consider how this could be increased. I believed the input of non-legal views into the process would help to increase the Law Society's focus on the consumer. I also recommended that the Law Society

ensure that it had appropriate systems and processes in place to deal quickly with older cases. My aim was to ensure that someone was held to account for dealing with older cases, particularly those over 18 months old.

In response, the Law Society reported that in March 2005 it would refer all cases, which exceeded 18 months of age, to a Panel, which would include non solicitors. I was pleased about this development, which I felt could only improve the management and timeliness of dealing with older cases.

Initially the Law Society doubted the value this process would add, but it has recently reported that it has helped with its prioritisation and clearing of older cases. It has reported to me that during the period 1 April 2005 to 31 March 2006, this Panel considered 590 cases over 18 months old. Of those, 529 (90%)

are now closed and a further 29 (5%) are at formal decision stage. The Law Society has also advised me that the Panel is now reviewing all cases that are 15 months old. I am pleased to note the extended remit. However, I am concerned that an audit by my staff found little evidence on the actual file that any cases over 18 months old had been referred to the Panel. My view is that this information should be kept on file.

In January 2006 the Law Society established a Consumer Complaints Board. I would expect this Board, which is accountable for complaints handling at the Law Society, to take an interest in why the Law Society has cases that are over 12 months old. It is important that someone at the Law Society is accountable for these longer running cases.

TARGET 2 – IMPROVING CUSTOMER SATISFACTION

My own expectation and that of consumers, is that they should receive a good quality of customer service, which meets their individual needs.

When I was appointed in February 2004, on average just under 6 out of 10 consumers (59%) were satisfied with the service they received from the Law Society. I wanted to see more consumers satisfied with its service. I also believe that any organisation that provides a service should be measured in part on the satisfaction of the users of that service. As a result,

I set a specific target to measure the consumer's satisfaction with the way in which the Law Society handled their complaint.

My target was based on the proportion of consumers expressing satisfaction with the Law Society's handling of their complaint, as distinct from satisfaction with the outcome of the complaint. I originally set this target at a performance level of 72%. However, following representation by the Law Society I agreed to reduce this target to 68%. I also agreed to introduce a tolerance band between 65% and 68% within which, if performance was achieved, I agreed that the Law Society would not be penalised.

I am concerned that the Law Society has failed to achieve its 68% customer satisfaction target. It has also failed to meet the tolerance band. As you can see from the data in the table below very little progress in performance has been made in this area over the last 4 years. In fact, customer satisfaction performance during 1 April 2005 to 31 March 2006 is only the same as the previous year.

In cases that are conciliated, both the consumer and the solicitor should be satisfied with the handling of the case. During the period 1 April 2005 to 31 March 2006, 28.4% of Law Society cases were conciliated, (5,351 cases), which should provide a good start for the Law Society's performance in this area.

Fig. 5 Comparison of customer satisfaction (with service) 1 April 2005 to 31 March 2006 with previous years.

2002-03	2003-04	2004-05	2005-06	Commissioner's Target for 2005-06
60%	59%	61%	61%	68%

Case Study

In one case there was a three month delay for no apparent reason. More delays followed, and it took the caseworker a year to establish that the solicitors did not have the file to be able to deal with the complaint, and a request needed to be made to the Home Office for it. The outcome of the case resulted in an offer of compensation from the solicitor, but in actual fact the consumer did not want this. The consumer actually wanted an interview with the Home Office, which is outside of the Law Society's control. If the caseworker had properly identified right at the outset what the consumer wanted in terms of a resolution, then the caseworker could have closed the case much earlier.

As only 61% of consumers are satisfied with the service provided by the Law Society, this means that only 6 out of 10 of its customers are satisfied with the service provided by the Law Society. I urge the Law Society to take action to improve performance in this area during the next 12 months.

Underlying factors

Over the latter part of last year the Law Society reported to me that it would be unable to achieve its customer satisfaction target. It reported that in order to meet this target it would need to achieve a significant increase in customer satisfaction level within its Conduct, Assessment and Investigation Unit (CAI). The Law Society believes that the make up of cases within CAI makes this unlikely, because the majority of cases are closed without further action or because of insufficient evidence. In essence, it was arguing that satisfaction with service is mainly dependent on the outcome of the case.

There are a range of views about the impact which the outcome of a case may play in a consumer's satisfaction with service. However, I believe this is only

one factor in the overall picture. This is backed up by the Law Society's own research, which showed that there are actions it can take which could influence an individual's satisfaction with its service separate from their satisfaction with the outcome of the case. Unfortunately, this research does not seem to have been done in time to have any opportunity to impact on performance in year. It is striking that the Law Society has not developed CAI specific customer service standards, and instead reports that it has been sending CCS specific standards out to people with complaints being handled by CAI. I do not see the sense in this, which can only confuse consumers about what service standards they can expect.

I believe that two of the factors affecting satisfaction with service are the length of time within which cases are dealt with, and the quality of this case handling. However, the Law Society failed to use the budget it had available to it to increase its resources and manage more cases, or to consider other ways of improving its processes. I would expect to see this effort by an organisation likely to miss its target by such a large amount.

Special Payments

It is important that consumers receive recompense if they have suffered financial loss, inconvenience, or distress because of a failing in the service provided by the Law Society.

One of the key performance indicators linked to the customer satisfaction target allows me to monitor the number and size of special payments made by the Law Society. These are payments it makes when a consumer has suffered financial loss, inconvenience, or distress because of a failing in the Law Society's own service. In August 2005 the Law Society revised its ex-gratia policy and renamed it the Special Payments policy. The two main changes introduced were:

- no compensation was paid solely for having a delay of up to 3 months; and
- payment would be made for upset and inconvenience rather than being based fully on the length of the delay.

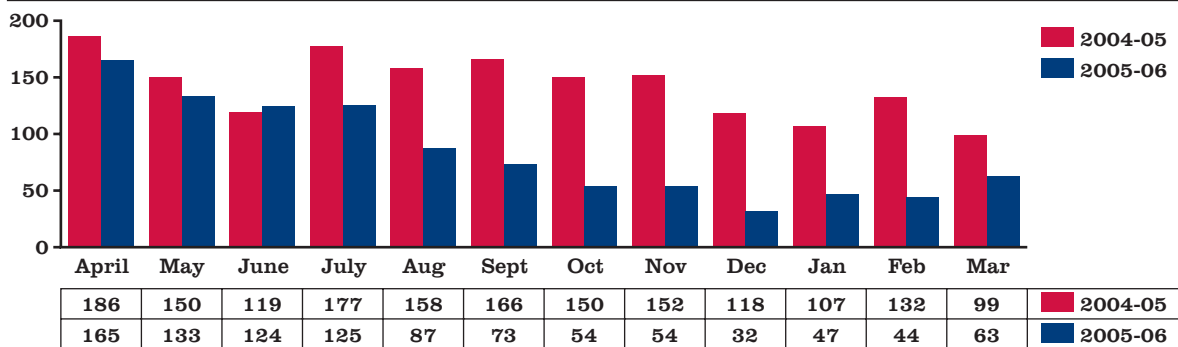
Audits undertaken by my Research and Investigations team in 2004 had identified inconsistencies in the application of Law Society processes and procedures,

particularly around ex-gratia. I commissioned a further audit because I wanted to ensure that where the Law Society's own systems and processes had failed, its own Special Payments policy was applied fairly and consistently to all consumers. The key findings from this audit were that there continued to be delays on the part of the Law Society, and there was inconsistency in the application of its own policy.

I note from the information provided by the Law Society that there has been a downward trend in the number of special payments made to consumers since April 2005. 1001 Special Payments have been made during the period 1 April 2005 to 31 March 2006, compared to 1714 during the previous year, a reduction of 713 (42%) special payments. A total of £233,646 was paid out, with an average payment per consumer of just over £233.

However, my own audits identified that where special payments had been awarded, in only 50% of cases was the approach taken by caseworkers generally in line with the Law Society policy guidelines. Evidence on remaining cases showed that amounts of awards varied and were not consistent with the guidelines.

Fig. 6 Special Payments – comparison of payments during 1 April 2005 to 31 March 2006, with payments made 1 April 2004 to 31 March 2005



During next year the Law Society will be undertaking an internal audit of its own cases to examine whether the consideration of special payments was in line with its own Special Payments policy. I will be interested to see the outcome of this internal Law Society audit. As Commissioner, I will also be considering how consumer focused and equitable this revised Special Payments policy is.

30 day contact

I believe that consumers should be kept regularly informed by the Law Society on the progress of their complaint.

In the Law Society's own customer service standards, which were introduced in January 2005, and which are publicly available on its web site, it instructs Law Society staff to update customers about the progress of their complaint at least once a month.

An audit by my Research and Investigations team in 2005, provided evidence of cases where there was no activity on them for lengthy periods of time. As a result, I made a number of recommendations, one of which was for the Law Society to ensure that consumers are updated on the progress of their complaint every 30 days. In only 54% of cases examined by my own audit team, did caseworkers do this.

As Commissioner, I monitor that this is happening in order to ensure that consumers are being kept informed on the progress of their complaint. In turn, this is likely to impact on their satisfaction with the service provided by the Law Society.

At the beginning of the reporting year management information showed me that there were 307 cases in that month where contact had not been made every 30 days with the consumer. By the end of March 2006, this had reduced to 96 cases in month.

When challenged regarding the high numbers of cases where contact had not been made at least every 30 days, particularly during November and December 2005, the Law Society stated that parts of its complaints handling teams were not following procedures, but that it would rectify this.

I am interested in the number of cases in which useful and informative contact has been made with the consumer, as this not only keeps the consumer informed of the progress of their case, but also manages their expectations. I was disappointed to learn that the computer system the Law Society uses only records actual contact, rather than the quality of any update given to the consumer. For example, this could have simply been a message left for the consumer. During the period 1 April 2006 to 31 March 2007, I expect to see clear evidence to show that the consumer has been provided with helpful updates on a regular basis, and contact that progresses the resolution of the complaint.

A Change from Complainant to Informants

The CAI arm of the Law Society, which handles complaints about conduct matters, introduced its new policy 'Informants' Protocol' from 1 October 2005. The Law Society stated that this policy supported its move towards a risk based approach to dealing with breaches

Fig. 7 Number of cases where contact not made at least every 30 days during the period 1 April 2005 to 31 March 2006

April	May	June	July	August	September	October	November	December	January	February	March
307	294	189	258	263	219	104	144	231	38	65	96

of conduct and to better manage consumer's expectations. In other words it will take action which is proportionate to the risk posed by the breach. The Law Society believes that a system based on the assessment of risk is not consistent with processes driven by the views and expectations of individual complainants. It has therefore moved from treating people as complainants who are the owners of complaints, to dealing with them as informants who provide information that forms the basis of its regulatory work.

This policy change has seen CAI move from sampling customer feedback monthly to a quarterly basis. It is also keeping the informant updated on the progress of their complaint less frequently, based on key points during the investigation, rather than every 30 days as before.

When CAI first proposed this change my immediate concern was for the consumer and what the impact of this change in policy would be for them. At that time my Office asked what research would be undertaken before the change was implemented to understand the implication for the consumer. At that stage CAI had not considered undertaking any consumer research but reported that it would look into it. I am disappointed that it is only in June this year, and after the introduction of the policy, that the Law Society has agreed to undertake research into what consumers want.

Case transfers

Consumers should have their complaint allocated to the right person at the outset and not experience additional delays and confusion with it being moved from team to team.

Another area linked to customer service, which I monitor, is the number of cases being transferred between teams and caseworkers within the Law

Society. Between 1 April 2005 and 31 March 2006, 950 case transfers have taken place. The highest number of these occurred in May (164), with a gradual reduction over the year.

Transfers can occur for a number of reasons, including where cases have been allocated to the wrong person in the first instance. Following my own audits into the Law Society's case files, I recommended that the Law Society should undertake a more effective assessment of cases at the outset to help ensure that cases are sent to the right person to deal with, at the right time. I was pleased that the Law Society reported it would act upon this, by taking steps to ensure correct designation. It reported that this was having a positive impact and I was pleased to note that the number of transfers was reducing.

However, I am concerned that there has been a rise in case transfers towards the end of the year. The Law Society has reported this is due to a change in its processes. The Law Society has explained that some of the increase in the number of transfers is due to testing different ways of reducing unallocated cases. For example, work already designated has been later transferred to another team to handle as it had greater capacity. I have asked the Law Society to undertake an impact analysis on the change in its processes and to share its findings with my Office.

Initiatives aimed at improving customer satisfaction

The Law Society reported in its Plan that it would deliver the following work to improve customer satisfaction with its service.

Customer service standards

Consumers have a right to know at the outset what service they can expect from the Law Society regarding its complaints handling.

Case Study

In a conveyancing case, which took 20 months to resolve, there were four changes of caseworker. The fifth caseworker finally wrote to the consumer to explain that he had taken over the file and would be in contact shortly. The consumer replied to the Law Society, expressing their unhappiness at yet another change in caseworker, and pointing out that information and comments had already been provided as requested earlier. The consumer expressed concern that he could not understand why the matter was not progressing.

During 2004 I made a number of recommendations to the Law Society relating to the development and implementation of service standards. At the core of these recommendations is the fact that I believe that consumers have a right to know what service they can expect from the Law Society regarding its complaints handling. Without this knowledge, consumers have no idea whether the service that has been received compares to what should have been received.

I am pleased to report that the Law Society acted on the recommendations I made and has now developed its service standards for CCS. These should be sent to all customers at the outset of a complaint. They have also been published on the Law Society web site. It is encouraging that the Law Society seems to have made an effort to raise staff awareness of these standards through the use of newsletters, team meetings and desk products.

However, I have three main concerns. Firstly, more than twelve months on, the Law Society's internal audits are finding only partial improvement in staff application of the standards. I am therefore pleased that the Law Society is considering other ways of raising awareness about these standards during the

next twelve months. My own annual audit of Law Society case files, which took place in September 2005, identified that the application of the Law Society Consumer Standards was inconsistent. This audit found that 63% of cases were not acknowledged within the target of 5 working days. It also found that the timeframe within which the consumer should be issued with a substantive response to their complaint was not met in 51% of cases.

Secondly, I am disappointed that the standards that have been developed appear to cover only part of the complaints handling arm of the Law Society, the CCS. The Law Society reported to me that it sends these standards, which have been developed for CCS, also to people with complaints being dealt with by CAI. This could be very confusing for the users of its service. This could also be a factor influencing lower customer satisfaction within CAI.

Finally, I was concerned that the Law Society reported to me during the year that the service standards it developed, and which every complainant should receive, were aspirational. However, I note that the Law Society has confirmed to me that going forward, these are indeed standards and will be delivered as such.

External customer satisfaction research

Experience has shown me that for any organisation to succeed it needs to understand the needs and views of the users of its services. Only then can it begin to deliver a service of excellence and meet expectations.

The first step to making improvements is to understand the problem. Every year the Law Society undertakes customer satisfaction research aimed at finding out the views of those who use its service. Unfortunately, this year the Law Society does not seem to have been sufficiently focused on what it hoped to achieve from its research. It has reported that the research has not provided it with any information that it can usefully use. I have said that my staff are available to assist the Law Society in its research plans for next year in order that we can help it to focus its research and identify where improvements for the consumer can be made.

Diversity information

Consumers should have all their needs considered as part of an effective complaints handling system. I have always fought hard for, and believe in, equal access for all. Diversity should be embraced. An organisation like the Law Society should make better use of the consumer and practitioner information it holds and look to improve data gathering to improve its services for all of its users.

One of the concerns I have about a complaints service, is that the needs of all customers are considered. I therefore recommended that the Law Society make more use of its data so that it could ensure that its service is accessible for all. In response, the Law Society has undertaken work to extract information from the feedback forms it sends to its customers, to gather data on satisfaction with its service by age, gender and ethnicity. This is encouraging. However, it is disappointing that the Law Society is still not capturing diversity information on the receipt of a complaint and there is no firm commitment to address this.

TARGET 3 – IMPROVING THE QUALITY OF DECISIONS

Consumers want to know that decisions on their complaints have been made consistently, and that the Law Society has followed its own procedures, without any unfair discrimination in its complaints handling decisions.

When an individual is not happy with how their complaint has been dealt with by the Law Society they can refer it to the Legal Services Ombudsman (LSO). Last year, the Law Society agreed a quality of decisions target based on the percentage of cases referred to the LSO, which result in the LSO upholding the way in which the Law Society handled the case. I set this quality of decisions target because I wanted consumers to know that decisions on their complaints have been made consistently, and that the Law Society has followed its own procedures, without any unfair discrimination in its complaints handling decisions.

In order to take account of the Law Society's representations and to secure agreement on this target I introduced a tolerance band of between 65% and 70%. This was a level within which, if performance was achieved, I agreed that the Law Society would not be penalised.

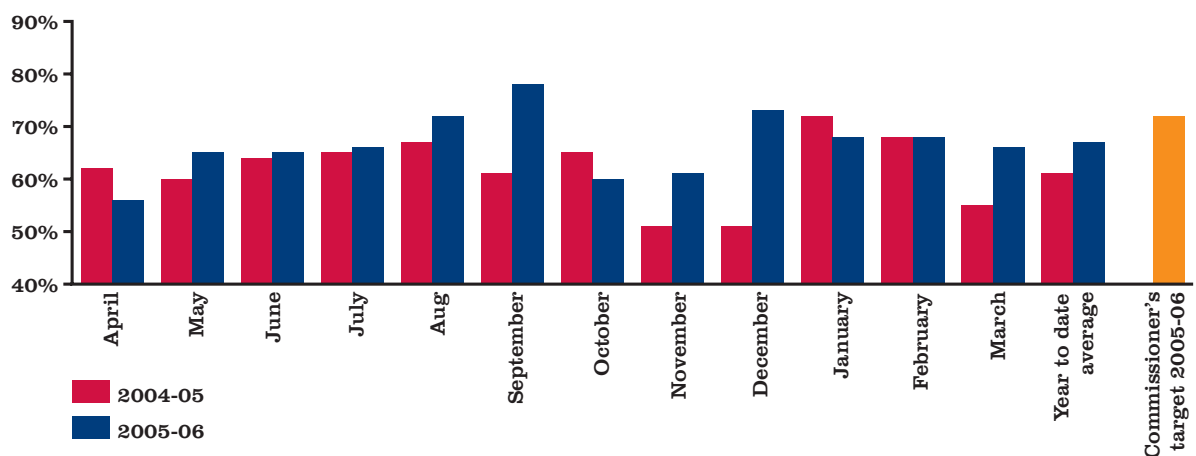
I am disappointed that the Law Society has failed to achieve the 70% quality of decisions target. The management information shows that the LSO upheld the way in which the Law Society handled the case in only 67% of cases.

Even though the Law Society did not meet the quality of decisions target this year, I am pleased to note that there has been some improvement in performance. The Law Society is now 5 percentage points better than performance during the whole of 2004-05, and 14 percentage points better than the whole of 2003-04.

This has, however, only returned the Law Society to a performance level of 2002-03. I expect the Law Society to improve further, before it is possible to say that consumers are receiving a better service from it.

During the period 1 April 2005 to 31 March 2006 a total of 1,514 cases were referred to the LSO. The largest proportion of these referrals were those where the original complaint had not been upheld by the Law Society. The percentage of consumers who have had

Fig. 8 Comparison of Quality of Decision performance – 1 April 2005 to 31 March 2006, compared with 1 April 2004 to 31 March 2005



Case Study

In a conveyancing case, there was an initial allocation delay of eight months before the complaint was given to a caseworker to deal with. The caseworker wrote to the consumer advising that a compensation payment of around £1000 would be suitable. Some months later the solicitor questioned the proposed compensation amount. The case was reviewed by a senior caseworker who identified that the issue in question occurred before the Law Society's powers regarding compensation were introduced. As a result the solicitor did not have to compensate the consumer. The Law Society finally paid the consumer £450 for the inconvenience and distress caused by giving misleading information.

their complaint dealt with by the Law Society, and refer their complaint to the LSO, has averaged at 6% of the total cases handled by the Law Society. This compares to 7% during the previous year.

Surely any consumer would expect their interests to be at the forefront of those handling their complaint and the solicitor would expect to be treated fairly. I am pleased to see that in the next case study the Law Society appears to have got the balance right. I want to see more of this.

Law Society decisions

The key performance indicators (KPIs) supporting the quality of decisions target allow me to examine outcomes by the different types of decision made in concluding a case. Examples of performance against these KPIs has

highlighted that of the 18,840 cases closed during the period 1 April 2005 to 31 March 2006:

- 6.3% (1,190) of cases were temporarily closed;
- 28.4% (5,351) of complaints were conciliated; and
- 30.2% (5,687) of complaints were not upheld by the Law Society.

The Law Society currently operates a temporary closure policy. This means that it closes cases where matters outside of the Law Society's control, and which may have a bearing on the complaint, are ongoing, such as legal proceedings. The onus is on the consumer to contact the Law Society if they wish their complaint to be resumed once these other

Fig. 9 Comparison of Quality of Decision Performance (LSO satisfaction rating) during 1 April 2005 to 31 March 2006, with previous years

2002-03	2003-04	2004-05	2005-06	Commissioner's Target for 2005-06
67%	53%	62%	67%	70%

Case Study

In a conveyancing case, a consumer complained about the solicitor failing to agree a completion date with him during the sale of his property. During attempts to conciliate and resolve the complaint, it was established that the solicitor was prepared to offer compensation of £2,500. The caseworker's view was that the level of poor service to the consumer warranted this amount. However, the caseworker did not share this information with the consumer and just asked him to state what he wanted. The resulting £1,750 compensation paid was much lower than what the solicitor was originally prepared to pay and indeed what the caseworker felt the poor service was worth.

matters are resolved. When this is done, the case is reopened as though it were a new case, and given a new file reference. Since April 2005, 1190 cases have been closed under this policy.

I am concerned that this policy is confusing to the consumer. The findings from my own benchmarking study were that no other organisation consulted operated a temporary closure policy. The Law Society may treat the reopened complaint as a new case, but for the consumer this is an ongoing issue. The Law Society has recognised that this policy could cause confusion to consumers. As I am not convinced that this Law Society policy is in the consumer's interest, I have recommended that the Law Society should cease its policy on temporary closure.

Solicitors Disciplinary Tribunal

The Solicitors Disciplinary Tribunal (SDT) is a statutory tribunal whose primary function is to consider and adjudicate upon professional misconduct or breaches of professional rules by solicitors, registered foreign lawyers and solicitors' employees. Solicitors could be referred to the SDT because of information arising out of a complaint.

The SDT is constitutionally independent of the Law Society, although its administration is funded by the Society. SDT hearings take place before three members – two solicitors and one non-solicitor. Under the Solicitors Act 1974, the Tribunal can take a number of actions including:

- strike a solicitor off the Roll;
- suspend a solicitor for a fixed or indefinite period;
- reprimand a solicitor;
- fine a solicitor; and
- ban a solicitor's employee from working in a law practice without the consent of the Law Society.

In terms of sanctions imposed by the SDT, 223 solicitors, (0.2% of the 116,000 members of the Law Society), have faced sanctions by the SDT during the period 1 April 2005 to 31 March 2006. Of these, 62 solicitors have been struck off, 73 fined and 42 suspended. This is slightly lower than the 226 sanctions imposed by the SDT during the same period last year.

Fig. 10 Comparison of SDT sanctions 2005-06 against 2004-05.

Number	April 2004 to March 2005	April 2005 to March 2006
Struck off	55	62
Fined	79	73
Suspended	38	42
No order*	5	5
Other	49	41
Total	226	223

* "No order" outcome was not introduced until January 2005

* Further explanations regarding these SDT sanctions can be found in the glossary in chapter 9

Case Study

In a personal injury case, the caseworker negotiated robustly with the solicitor, stating that the compensation offer they had made to the consumer was too low. The caseworker outlined the costs that might apply if the complaint went to adjudication. From an initial offer of £100 the caseworker negotiated a payment of £1,350.

INITIATIVES AIMED AT IMPROVING QUALITY

Automated voice recording

Continuous improvement is the key to developing a service of excellence. The ability to check what has been said can help to make the necessary improvements.

The Law Society reported that it would undertake an initiative involving the installation of a call recording and monitoring system within its contact centre, enabling it to record the calls made by consumers and for these to be stored.

This was to enable caseworkers and managers to review telephone calls for quality and consistency, identify caseworker training needs and maintain a record of calls for up to six years. Prior to the introduction of this system, the Law Society aimed to review and feedback on 120 cases a month. Following the introduction of the tool it hopes to be able to evaluate a greater number of calls a month, namely 250. I support any effort to improve training made by the Law Society, but note that the Law Society's helpline appears to maintain a higher performance level than other parts of its complaints handling. With my limited resources I have focused my efforts on the parts of the Law Society that require the greatest improvements, namely the handling of its formal written complaints. I would however, expect the Law Society to share any lessons learned from this service with the rest of its organisation.

Organisational Development

Any successful organisation needs to have a structure in place that promotes staff development.

The Law Society received external feedback from consultants that it should look to improve the career

progression opportunities it offers to staff within its complaints handling teams. As a result it reported that it would undertake an assessment of skills and abilities across the CCS part of its complaints handling only, to ensure that staff there have the skills necessary to carry out their jobs, and to develop opportunities for career progression.

In implementing this initiative the Law Society reports that it has introduced three different levels of caseworker, dependent on skill and experience, (previously there was no distinction between different levels of expertise). Caseworkers should now have cases allocated to them that are appropriate to their level.

In principle, I believe that this is a sensible initiative to introduce, and there has been some positive feedback from caseworkers. However, the Law Society has not provided me with any robust evidence, for example from attrition rates, to show whether this has had a positive impact on its staff morale or retention rates. Equally, the CAI part of complaints handling, despite its poorer performance in some areas, does not appear to have considered a similar initiative.

CCS/012 - Improving Quality Assurance processes Quality is the key to an improved service and organisation.

The Law Society has taken action to implement its initiative aimed at improving its quality assurance processes, by undertaking reviews of its cases to check for consistency of complaints handling and decision-making. The findings from these have been shared with my Office, although it is not clear how the Law Society is using them to improve its case management.

The Law Society's operating environment

At the start of the year, 1 April 2005, the Law Society had 6,492 cases outstanding. These were complaints which the Law Society had not yet concluded.

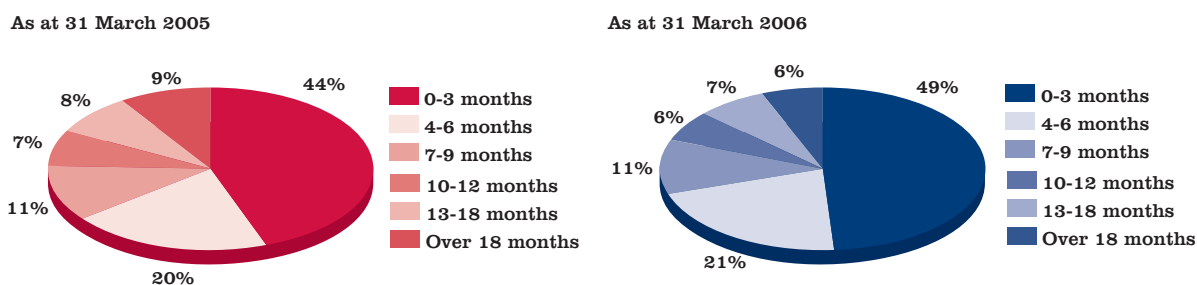
Although I am happy to see that this figure has reduced by 7.8% down to 5,985, I had hoped that this figure might have been lower by March 2006.

Case receipts

During the period 1 April 2005 to 31 March 2006, the Law Society received 18,299 new cases, which is 5.4% above its own forecast of 17,357. This is 1,225 more cases than it received during the period 1 April 2004 to 31 March 2005 (17,074).

The Law Society reports that this increase in its caseload was mainly as a result of an increase in the number of Coal Health Compensation Scheme and Investment Business cases it received. However, this increase in receipts was not above the 10% tolerance levels, which the Law Society agreed it could handle in its improvement Plan.

Fig. 11 Breakdown of cases still outstanding as at 31 March 2006 by age, compared with 31 March 2005



- **Coal Health Compensation Scheme cases**

The Law Society has reported that during the period 1 April 2005 to 31 March 2006 it received 641 Coal Health Compensation cases, which is 3.5% of the total receipts for the year. Of these, 405 (63.2%) cases have been actioned and closed. Further information regarding these cases can be found later in this report.

- **Investment Business cases**

The Law Society has also reported that it received an increased number of Investment Business cases during the period 1 April 2005 to 31 March 2006. 1,151 (6.2%) Investment Business cases were received and of these 794 were closed. However, it states that nearly 70% of these cases were closed because they were outside of its jurisdiction and therefore required little or no investigation.

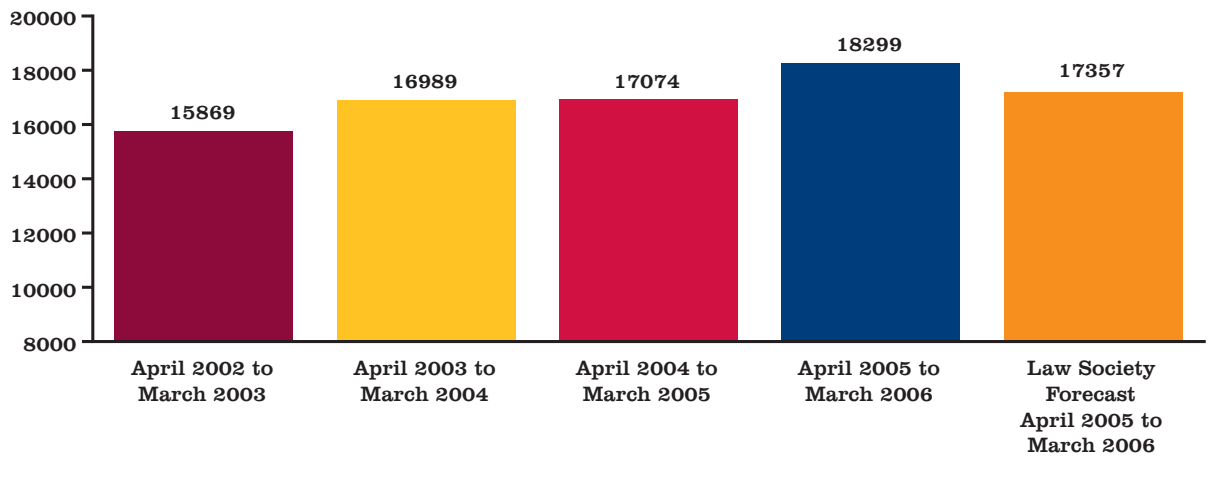
I said in my Interim Report¹³ that I would wish to keep a close eye on this increasing area of work. I will continue to monitor the handling of these cases with regard to fair and equitable treatment of all complainants. A consumer who bought a financial product from a solicitor should receive the same level of redress as a consumer who bought a product from another source. I hope that the increased Inadequate Professional Service limit of £15,000, introduced by the Law Society, will enable consumers who bought financial services from a solicitor, to receive appropriate levels of redress.

In terms of a business environment the Law Society has had a relatively stable caseload intake over the last 5 years, although there has been a slight upward trend in the number of cases.

¹³ Legal Services Complaints Commissioner's Interim Report - "Pushing for change" which was published in November 2005 and can be viewed on the OLSCC website, www.olscc.gov.uk

1 April 2005 to 31 March 2006 continued The Law Society's operating environment

Fig.12 Cases received 1 April 2005 to 31 March 2006, including comparison to previous years



Case Closures

During the period 1 April 2005 to 31 March 2006, the Law Society closed 18,840 cases. This is 0.5% above its own forecast of 18,738, and 803 more cases than it closed during the period 1 April 2004 to 31 March 2005.

On average, the Law Society closed 45 more cases than it received per month during the period 1 April 2005 to 31 March 2006. During the same period last year it was closing, on average, 80 more cases per month than it received.

The management information suggests that of the 18,840 cases closed, 21% of cases were closed quickly and with minimal involvement required by the Law Society. For example;

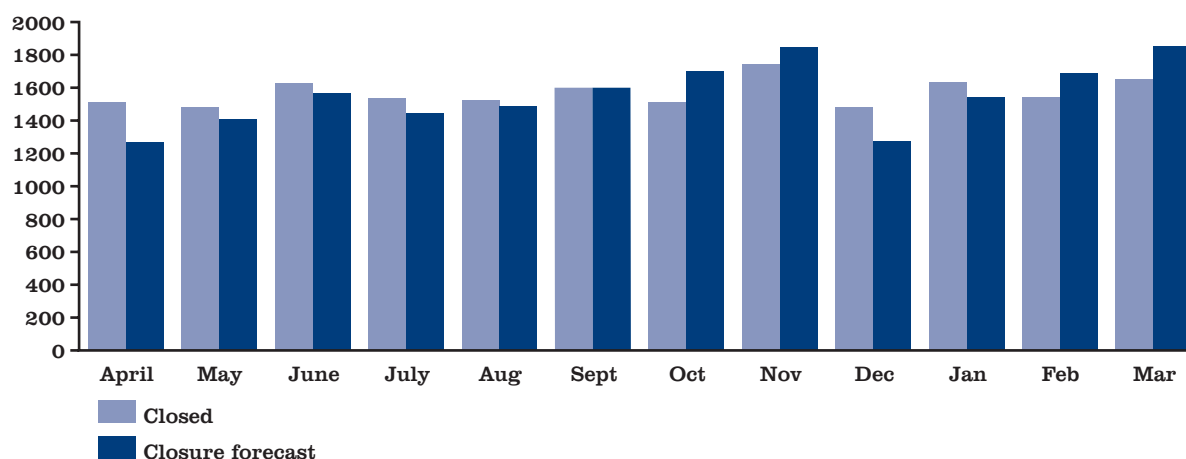
- 747 complaints fell outside Law Society jurisdiction;
- 223 complaints were resolved without intervention;

- 721 complaints were withdrawn by the consumer;
- 1688 complaints were within the jurisdiction of the Law Society but investigation was declined; and
- 578 complaints were referred back to the original solicitor under Practice Rule 15.

A brief explanation of these terms can be found in Chapter 9.

When looking at the Law Society's management of its caseload, the number of cases it still has to deal with in the 0-3 month age group is the only group where there has been an increase compared to last year. This has increased from 2,875 cases (44%) at the end of March 2005 to 2,942 cases (49%) at the end of March 2006.

Fig. 13 Closures, against Law Society's own forecasts during the period 1 April 2005 to 31 March 2006



Unallocated cases

I want consumers to have their complaints allocated to the most appropriate caseworker as soon as possible to deal with promptly and without unnecessary delay.

Unallocated cases are cases that have not yet been assigned to a caseworker to deal with. The monitoring of unallocated cases has highlighted an ongoing and increasing problem, which is of real concern to me. At the end of April 2005 there were 1,129 cases that were awaiting allocation to a caseworker to deal with, and the average age of an unallocated case was 34 days. By the end of March 2006 there were 1,183 cases awaiting allocation. This is 19.7% of the total cases it still has to deal with. It is also worth noting that the average age of an unallocated case by the end of March 2006 had increased from 34 days at the start of the year, to 50 days.

The Law Society reported that it would undertake work to tackle the number of unallocated cases during the year, by introducing casework management tools to help caseworkers to better manage the complaints they are dealing with. If effective, it reported that this should help move cases through the system. To help reduce delays the CCS part of complaints handling has also reported that it has started sending an increasing number of unallocated cases to outsource firms, and also a small number to its Local Conciliation Officers (LCOs). Between September 2005 and December 2005, 91 cases awaiting allocation were sent to LCOs, and of these 18 cases were resolved through conciliation. The first of these cases was sent out in September 2005, following the recommendation I made in June 2005, to increase the use of LCOs.

However, the continuing increase in unallocated cases makes me unsure as to the overall impact of this work. I would again urge the Law Society to make more effort to understand the effect of its changes on its complaints handling.

Productivity

I know only too well that without your staff your vision cannot be realised. However, the effective performance of those staff is imperative to delivering improved services.

Within the Law Society, caseworker productivity is measured by the number of cases closed by a caseworker in any given period. The Law Society reported to me in our meetings that it expected productivity to improve during this year and particularly by February 2006. I would expect to see an increase in productivity from an organisation aiming to become efficient and effective.

However, from the information provided I can see that caseworker productivity has been relatively stable over the year at approximately 7.4 cases closed per caseworker per month. The increased money and improvement work that the Law Society has reported putting into its organisation does not seem to have resulted in an increase in productivity. The Law Society reports that this is because the easier work has been sent to outsource firms, therefore leaving the more complex cases in house. A total of 2,318 cases were sent to outsource firms for action between 1 April 2005 and 31 March 2006, to add to the 513 cases carried over from last year. Of these, 2,276 complaints were closed, and a total of 579 are still awaiting action.

The Law Society reports that this means that its staff are closing a greater number of more complex cases which require more time to be spent on them. However, it is unable to quantify this improvement. If the Law Society cannot measure accurately the productivity of its own caseworkers, it cannot hope to assess whether each caseworker is efficient. I would expect the new organisations that will handle complaints in the future to understand this detail so that they can be sure they are being efficient in their processes and delivering value for money.



Dealt with promptly and without unnecessary delay



Law Society delivery against its improvement Plan

TARGET 4 - DELIVERY OF THE LAW SOCIETY PLAN

The Law Society needs to understand the way in which it could look to change its processes and policies, to make improvements for the consumer.

We all know that the ability to plan effectively can bring about real benefits. Planning for improvement is no different. The key is to know what it is you want to improve and how you will achieve it. To do this you need a good understanding of the business and an action plan you will deliver against.

At the beginning of the year I made a number of recommendations to the Law Society about the way in which it could look to change its processes and policies to make improvements for the consumer. In the main, the Law Society stated that it would act on my recommendations in its improvement Plan, some of which it reported would be addressed through the sixteen initiatives it proposed to implement between 1 April 2005 and 31 March 2006. I have listed all of the initiatives in Appendix 6, and have referred to many of them next to the relevant target areas.

Fig. 14 Staffing information during the period 1 April 2005 to 31 March 2006

Number of staff	April	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	March	YTD*
Vacancies advertised in CCS & CAI	18	6	7	2	18	7	4	3	2	17	17	13	9.5
Total FTE for CCS & CAI inc CCS Agency staff only	370.96	374.86	385.16	384.58	392.98	409.78	408.48	408.48	401.67	409.88	410.88	407.96	397.13
Staff shown in Plan	407	407	407	407	407	407	407	407	407	407	407	407	407
Staffing shortfall	-36.04	-32.14	-21.84	-22.42	-14.02	-	-	-	-5.33	-	-	-	9.9

*YTD Year to date average

Human Resources strategy – recruitment, retention, staffing, training & development

I strongly believe that the Law Society needs to continually improve its recruitment and retention of staff, and provide appropriate training and development of its workforce, in order to improve the complaints handling service it provides to consumers.

At the beginning of the period of the improvement Plan the Law Society advised me that it would need the equivalent of 407 full time staff to deliver the Plan and achieve improvements, (326.5 staff within CCS and 80.5 staff within CAI). It had the budget for this. The Law Society reported that it implemented quarterly recruitment campaigns, a twelve week induction programme for new staff and recruited an additional 81 posts during the Plan year.

However, as you can see from the information in the table above, the Law Society has operated with a

shortfall in staffing against its improvement Plan for 6 out of the 12 months during the period 1 April 2005 to 31 March 2006. On average the Law Society was 9.9 staff down each month throughout the year.

I am concerned that the Law Society has not been fully staffed to the levels it said it would need in its improvement Plan and earlier planning would have been appropriate. Indeed, the Law Society accepted in its monthly and quarterly meetings with my Office that its recruitment programme had “got off to a slow start”. Staff attrition, despite remaining at a level which should have been built into its planning processes during the period 1 April 2005 to 31 March 2006, has continued in part to cancel out the impact of any staff recruitment.

I believe that not having these extra staff has played a part on delivery failures, for example on the number of its cases waiting to be given to caseworkers and the number of its cases rolling into older timebands.

Budget and resources information

The Law Society needs to utilise the budget and resources available to it in order to improve the complaints handling service it provides to consumers. With a budget of over £37 million, I believe it is imperative that the Law Society has effective planning and financial controls in place. I am concerned by the existence of an underspend, when the improvements planned for are not fully achieved.

At the start of the calendar year the Council of the Law Society made an additional £4.7 million available to improve its complaints handling. This increase was intended to deliver the work outlined in the improvement Plan. By the end of March 2006, the Law Society was £3.092 million (8.3%) below its planned budget of £37.042 million for the period 1 April 2005 to 31 March 2006.

I am concerned that there has been a considerable underspend against its budget forecasts in a number of key areas and in particular around staffing costs. Throughout the year, I have urged the Law Society to utilise the budget and resources available to it in order to improve the complaints handling service it provides to consumers. It is my view that the Law Society needs to better understand its budget and the benefits of spending it effectively.

The Law Society budget for the period 1 April 2005 to 31 March 2006 was £37.042 million. Information provided by the Law Society shows that during the period 1 April 2005 to 31 March 2006 it spent £33.950 million on complaints handling. Based on the 18,840 cases closed by the Law Society during the year, this works out at approximately £1,800 per case closure.

The Law Society continues to announce that it is putting more money into its complaints handling systems, but there seems little attention as to what benefits will be achieved from its expenditure. As I have

said earlier, this in itself is not a problem, but it is a cost to the profession that I would expect the Law Society to be keen to reduce. This expenditure needs to be translated into significantly better complaints handling and improved efficiency. It will be vital for the future organisations that handle legal complaints to be cost effective. The way the Law Society currently operates may not be the platform on which to build this efficiency.

The handling of complaints is paid for by the profession, through its practising certificates. It is not credible for the Law Society to ask for an increased complaints handling budget year on year, only for the budget to be under spent and improvements to be slow in coming. The profession itself should be insisting on better management and a more efficient return on its investment.

Looking forward to the introduction of the Office for Legal Complaints, my view is that strong and effective financial management will be key.

Project Management

An organisation needs to have control of the changes it is introducing to its processes, and an understanding about what benefits it hopes to achieve.

The Law Society included in its improvement Plan a section devoted to its use of project management principles in its handling of initiatives. From what I have seen there have been some improvements in this area. A Programme Management Steering Committee was set up to discuss the progress of projects and to identify problem areas, and a monthly report is produced which identifies areas of concern. This report is shared with my Office.

However, I believe there are still improvements to be made in the way in which the Law Society manages its projects and uses project management principles. So



Making best use of resources

far there seems to have been little consistency in the stages at which a project goes through to implementation, or in how each project is approached. This is an important area of work for the Law Society because there are certain crucial stages that every project needs to go through to ensure it achieves its objectives. The Law Society reported in its improvement Plan that the use of recognised project management principles would help it deliver its initiatives, and therefore achieve the targets. I am therefore concerned that it does not seem to have applied those principles consistently.

In particular, while I accept that some analysis was made on the impact of the initiatives, I do believe the assessment techniques could have been better. This would help it to understand performance issues on delivery. It is essential for an organisation seeking to become effective and efficient that it understands what benefit it is getting from the money it is spending. The Law Society should take action to understand further

the benefit of this work so that it can identify which changes should be embedded as it goes forward. This is something that I will require from April 2006.

Information Technology

The Law Society has said that it wants to be recognised as a centre of excellence. To do this it needs to invest in its Information Technology systems.

I am concerned about the Law Society's level of investment in its Information Technology (IT).

The Law Society proposed an initiative in its improvement Plan to improve its IT that would enable more effective management of its work. I am disappointed that the Law Society decided not to continue with this initiative. However, part-way through the year it did add a new initiative to its work programme aimed at identifying the risks and opportunities it has in relation to its IT systems. I regard this as a critical project for improving

the complaints service. I understand that the findings from this audit are now being fed into new work to develop a systems strategy project, which aims to improve how the systems are used, and I will be interested in the outcome of this.

Any organisation which is keen to improve its systems and processes needs to consider the benefit of investment in its IT, both now and for the future to support its activities and processes. If the Law Society wants to be recognised as an effective and efficient organisation, it needs to be supported by suitable IT.

Outsourcing complaints

I appreciate the need for flexible resources, which can be called upon as and when necessary. What concerns me is the continuing reliance placed on these resources by the Law Society.

In order to reduce the number of cases it has outstanding, the Law Society has continued to outsource cases to solicitors' firms. Throughout the year I have continued to express my concern about the Law Society's increasing use of outsourcing as part of its normal business. I feel that outsourcing should be used as a flexible option, as the Law Society indicated

in its improvement Plan, rather than being used on a permanent basis to top up capacity or inadequate performance. I would recommend that the Law Society takes a long-term view on its use of outsourcing during the period 1 April 2006 to 31 March 2007 and produces a strategy to address its staffing needs and its more flexible requirements.

Currently the CCS uses four outsource firms and the CAI uses three. A total of 2,318 cases (12.7% of all cases received during 1 April 2005 to 31 March 2006) were sent to outsource firms for action between 1 April 2005 and 31 March 2006, to add to the 513 cases carried over from last year. Of these, 2,276 complaints were closed, and a total of 579 are still awaiting action. These are broken down as follows:

In terms of looking to the future, I would certainly question whether the current system of outsourcing, used by the Law Society, is sustainable or desirable. With regards to the new Office for Legal Complaints, the Government has said that,

"People can be confident where they do have a complaint against a lawyer, then it will be looked at independently, and not by other lawyers".¹⁴

Fig. 15 Outsourcing information during the period 1 April 2005 to 31 March 2006

	Files sent	Actual files closed	Files currently with outsource firms
CCS	1459	1338	266
CAI	859	938	313
TOTAL	2318	2276	579

* files closed also includes some closures from referrals made in previous year

¹⁴ Secretary of State Press Release, "Consumers at heart of Legal Reforms", dated 17 October 2005.

Local Conciliation Officers

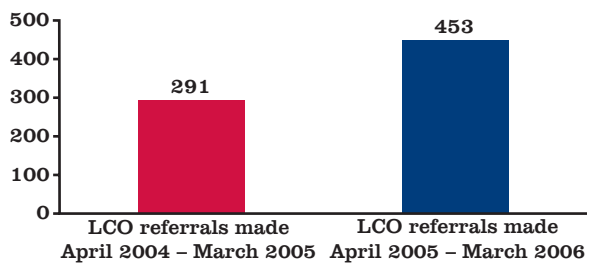
Local Conciliation Officers (LCO) are solicitors who have received complaints handling training by the Law Society, to enable them to investigate complaints on behalf of the Society. There are approximately 220 LCOs currently registered with the Law Society. LCOs are typically used for face-to-face meetings with consumers who have registered a complaint and who may have special needs. LCOs undertake some investigative work and resolve the more straightforward complaints.

In the past I have suggested that the Law Society could make greater use of LCOs in order to deal with the number of cases it currently receives. The table opposite shows the comparison of LCO referrals made during the period 1 April 2004 to 31 March 2005, compared to this year.

During the period 1 April 2005 to 31 March 2006, 453 referrals were made to LCOs, 162 (56%) more referrals than during the same period last year.

At the end of June 2005 I suggested that the Law Society consider whether there was scope for the LCO resource to be used more flexibly, to increase capacity for the number of case closures. Despite concerns about meeting its targets, the Law Society only decided to use LCOs to consider additional cases, namely those cases that were unallocated, from September 2005. Whilst implemented later in the year than I would have liked, I am pleased that the Law Society took steps to utilise its LCOs in this way.

Fig.16 Local conciliation referrals during the period 1 April 2005 to 31 March 2006



My audit findings

In order to provide me with independent assurance about the Law Society's complaints handling processes and systems, my Research and Investigations team has undertaken a series of audits during the period 1 April 2005 to 31 March 2006.

The audits focussed on specific areas and examined the progress of consumer complaints through the Law Society's complaints handling processes. The audit findings were presented in audit reports and made publicly available on the OLSCC website.¹⁵ This helped ensure that all interested parties, including consumers, had access to information on how the Law Society is performing in its complaints handling.

When choosing the number of cases to audit my Research and Investigations team ensures that the sample sizes are robust so that conclusions on the Law Society's complaints handling can be drawn. Within the samples, there are a range of factors that can be considered so that the file sample is representative. One such factor, which is always used in the sampling strategies, is the age profile of cases. This ensures that the cases in the sample are neither weighted towards older or younger cases, but are an accurate reflection of the complaints under examination.

¹⁵ OLSCC's website, www.olscc.gov.uk

My Research and Investigations team has undertaken three audits of Law Society case files during the period 1 April 2005 to 31 March 2006.

- Audit on the application of the Law Society's Special Payments policy - in May and June 2005 an audit was undertaken to examine the consideration of the application of the Law Society policy relating to the award of Special Payments.
- Annual Case File Audit - in September 2005, my Research and Investigations team completed a comprehensive audit of Law Society case files. The aim of this work was to consider a range of factors from delays on cases to the appropriate application of Law Society policies and procedures.
- Coal Health Compensation Scheme Audit – between February and May 2006 an audit was undertaken by my Research and Investigations team to examine the Law Society's handling of complaints relating to the Coal Health Compensation Scheme. Full details of the findings from this audit are due to be published shortly.

Special Payments Policy Audit

Audits undertaken by my Research and Investigations team in 2004 had identified inconsistencies in the application of Law Society processes and procedures, particularly around ex-gratia payments (now known as Special Payments). I commissioned the Special Payments audit because I wanted to ensure that where the Law Society's own systems and processes had failed, its own Special Payment policy was applied fairly and consistently to all consumers. I provided details and key findings from this audit in my Interim Report. In summary my key findings are listed below.

- **Delay on the part of the Law Society**
This related to both delay in the allocation of the file at the outset and delay in progress during the lifetime of the case. Allocation delays ranged between 1 and 11 months with an average around 3 months. Progress delays varied widely from 1 month to 2 years with an average around 5 months.

Case Study

In a complaint the solicitor did not answer the caseworker's questions and the caseworker did not use the powers available to them to obtain a response. The consumer commented on the length of time their complaint was taking and that the caseworker was not chasing up the solicitor. There was over six months delay attributable to the caseworker and nearly two months delay attributable to the solicitor. There was a compensation payment of £250 made to the consumer to reflect the delay but this would have been expected to be higher in accordance with the Law Society's Special Payment Guidelines, given the dissatisfaction expressed by the consumer at the service he was given.

- **Inconsistency in the application of the Special Payments policy**

Where Special Payments had been awarded, in just over 50% of cases the approach taken by caseworkers was generally in line with the Law Society policy guidelines. Evidence on remaining cases showed that amounts of awards varied and were not consistent with the guidelines. An area of concern was the lack of sufficiently detailed rationale to support caseworker decisions.

- **A lack of effective assessment of some cases at the outset by the Law Society**

The audit provided evidence of a number of cases that had not been effectively assessed at the outset. In these cases the evidence showed that if the Law Society had subjected the complaint to a more thorough examination on its receipt it could have progressed to resolution and been closed much more quickly. This would have resulted in a more satisfactory outcome for the consumer.

- **A lack of active case management**

The audit provided evidence of cases where there

was no activity on them for lengthy periods of time. There was no evidence of line management intervention on these cases unless the consumer specifically made a complaint about the service they were receiving from the Law Society. My auditors also found evidence of caseworkers not obtaining responses from solicitors to deadlines they had been set and that caseworkers were taking a considerable amount of time to complete reports where an adjudication decision was required.

My recommendations

As a result of these findings, I made a number of recommendations, including that the Law Society should:

- allocate cases more quickly and ensure consumers are updated every 30 days with information pertinent to their case;
- further improve the quality and consistency of its decisions;
- undertake a more effective assessment of cases at the outset; and
- act decisively on delays in its processes.



Consumers expect consistent decisions

Annual Case File Audit

I had been concerned for some time as to the quality and effectiveness of the Law Society's complaints handling. In order to gather more information I asked my Research and Investigations team to undertake a comprehensive audit of Law Society case files to review performance and consider a range of factors from delays to the application of Law Society policies and procedures.

My key findings from this case file audit were published in April 2006, and are now available on the OLSCC web site.¹⁶

In summary the key findings from the audit of files closed in 2005 are shown below.

¹⁶ OLSCC's Audit Report November 2005 – Annual Case file Audit, published April 2006, available at www.olscc.gov.uk

- There continued to be delays in **Law Society complaint handling**
Delay in the handling of complaints continued to be a major concern. The audit found that 57% of cases closed in 2005 experienced delay against the 56% that were identified in the audit of files closed in 2004. There is therefore no evidence that the proportion of cases experiencing delay has changed and in addition there is no evidence of a reduction in the average delay (3 months) experienced on case files. This means that consumers continue to suffer significant delay in the handling of their complaints. The findings were based on files closed at the beginning of the year. I will therefore be interested to see what progress has been made when compared to my audit findings for 1 April 2006 to 31 March 2007.

- **There continued to be a lack of active case management**

Where cases were referred to third parties (such as LCOs and outsourcing firms, who handle complaints on behalf of the Law Society) it was found that there was no evidence of progress tracking by caseworkers and that targets for the return of these files were not being met. The evidence also showed that the Law Society's approach to obtaining responses from solicitors was not sufficiently robust. Caseworkers only used the powers available to them in 18% of cases where the solicitor did not respond within agreed timescales. The Law Society does have suitable regulatory powers and these should be used more appropriately in line with its own policy guidelines to enforce responses. My auditors also established that the formal report by caseworkers, required as part of the adjudication process, should take between 6 and 8 weeks to produce. However the evidence showed that caseworkers were taking on average 20 weeks to write this report, with the longest case taking 70 weeks. Nobody should have to wait well in excess of a year to have one part of their complaint dealt with. Particularly when this part of the process is almost entirely within the Law Society's own control. The Law Society has to improve this substantially.

- **Application of Law Society Consumer Standards was inconsistent**

My auditors evaluated the Law Society's achievement against its own consumer standards introduced after January 2005. It was found that 63% of cases were not acknowledged within the target of 5 working days, and the timeframe within which the consumer should be issued with a substantive response to their complaint was not met in 51% of cases. The initial letter to the

consumer should contain certain information. The evidence showed that 93% of letters issued did not contain the required information. With regard to letters on closure of the complaint the Law Society performed much better, with 96% of closure letters containing the correct information. The Law Society has a policy that caseworkers should contact the consumer every month. In only 54% of cases did caseworkers do this. While I am pleased that the Law Society has set itself internal standards, these are only effective if they are actually applied. It is clear that this is an area for improvement.

The annual case file audit has assisted me in setting targets around quality improvements for the Law Society for the period 1 April 2006 to 31 March 2007, as well as enabling me to make recommendations on where improvement is necessary. Details of these targets and recommendations can be found in Appendix 9 of this report.

Audit of the Law Society's handling of complaints relating to the Coal Health Compensation Scheme

Much has been written recently about the compensation scheme set up by the Department of Trade and Industry to administer payments to former mineworkers and their families for health problems caused by coal-mining. This has turned out to be the world's largest personal injury scheme; over 750,000 claims have been made to date.

My interest in this area stemmed from wanting to ensure that miners were receiving equal and consistent treatment from the Law Society where the complaint against their solicitor had not been resolved at source.

Since 2003 the Law Society has received 1,048 complaints from miners and their families, about their solicitors, who had made deductions from their awards

of compensation paid under the Coal Health Compensation Scheme. Of these, 641 complaints were made during the period 1 April 2005 to 31 March 2006. Some of these complaints were made regarding the practice (of some solicitors) of making deductions without notifying the client that other firms offered the same service but did not make a charge.

At the time of writing my Interim Report in September 2005, having noted an increasing number of complaints against solicitors in relation to this scheme, I voiced my initial concerns. I also indicated that,

"I may wish to review the Law Society's arrangements for handling these complaints with a view to considering whether improvements can be made".¹⁷

I therefore directed my Research and Investigations team to conduct an audit of these cases to look at the consistency and effectiveness of the Law Society's handling of complaints made by miners, about solicitors, who represented them in claims covered by the Coal Health Compensation Scheme. The scope of the audit broadly covered the following areas.

- The Law Society's investigation into whether solicitors had provided an adequate professional service.
- The level of advice offered to consumers regarding their options for complaint resolution including information relating to the adjudication process.
- The Law Society's approach to conciliation and the type and levels of redress obtained from solicitors.
- As part of the Law Society's investigation, whether there were any specific conduct issues that required further examination.

¹⁷ Legal Services Complaints Commissioner's Interim Report - "Pushing for change" which was published in November 2005 and can be viewed on the OLSCC website, www.olscc.gov.uk



Equal and consistent treatment

The audit took place during February to May 2006 where a representative sample of case files was audited in addition to interviews with various Law Society managers and staff. A report on my key findings is due to be published shortly and will be available on the OLSCC website.

My office and the work we do

My OLSCC Business Plan

In my Business Plan¹⁸ for the period 1 April 2005 to 31 March 2006 I set out the key aims that I wanted to achieve.

These were:

- to improve complaints handling by the Law Society;
- to audit and benchmark its systems and processes;
- to help ensure that the needs of the consumer were at the heart of the Government's reform of legal services; and
- to deliver a quality service that represented good value for money.

The OLSCC key business objectives were to:

- be guided by the principles of the Better Regulation Executive, and be proportionate, accountable, consistent, transparent and targeted in the service we provide to the Law Society, and to always give full reasons for our decisions;
- ensure that we are aware of the views of all who have an interest in our work, allowing them to have their say;

¹⁸ Legal Services Complaints Commissioner's Business Plan 2005-06 can be found on the OLSCC website at www.olscc.gov.uk



The OLSCC team

- commit to evidence based analysis and constant interaction with those interested in our work;
- work with and monitor the Law Society's performance in complaints handling and taking action, where necessary, to protect the interests of consumers and other stakeholders; and
- ensure that we deliver best value by comparing our performance against comparable organisations.

People and Learning

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

- all of my staff have a personal development plan which feeds into the overall OLSCC Development and Training Plan;
- all of my staff have in place key work objectives; and

- leadership development training continues to be delivered.

In line with Department for Constitutional Affairs (DCA) policies, I have also developed a number of staff policies, which supports both development and learning, and business delivery. This includes a reward and recognition system that recognises exceptional performance within my Office, along with policies such as job shadowing, and flexible working.

Communication Activity

The OLSCC website, which went live in October 2004, provides the general public, solicitors and other stakeholders, with current, relevant information about my role, the work performed by my Office, and the publications that we produce. During this year, I have continued to assess the ability of my website to convey and obtain information effectively and efficiently.

Diversity

My Office actively promotes and respects diversity both within its team and the wider environment. All my 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 my team 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.

Quality Initiatives

Within our organisation we have made a commitment to continually improve and to learn from our experiences, and we have undertaken regular "*lessons learned*" activities. We have also invested time in looking at other specific quality initiatives, for example:

- Investors in People Standards – we are continuing to embed the IIP standards within our organisation;
- Chartermark – we are continuing to work with the Chartermark principles to help ensure that our business puts all of our customers first;
- Crystal Mark – we are committed to ensuring that all our communications meet the requirements of this mark. As a result a number of my staff have attended the Plain English training event;

- European Foundation for Quality Management – we will continue to make best use of external recognised tools that will help us to measure our performance.

Service Standards

Following research into other regulators and public bodies, my Office has now developed a set of Service Standards, which have been published in a customer leaflet, on the OLSCC website, and which are in the OLSCC staff handbook. I have ensured that this meets the needs and manages the expectations of all those that have contact with us, and I will be reviewing these service standards for their effectiveness during the next twelve months.

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 me in the discharge of my functions. Any expenditure not met by these payments is met by funds voted by Parliament.

During 1 April 2005 to 31 March 2006 the Law Society budget for complaints handling was £37.042 million. The budget for this has increased over the last two years, as have the proposed staff numbers. I need to consider the staffing and resource requirements of my own Office in light of these increases. I will, in the early part of 2006-07, review my Office requirements in order for it to continue its important work.

My Office continued to manage its budget accurately and effectively, in line with DCA standards, to ensure that it remained within its £1.718 million level for the period 1 April 2005 to 31 March 2006, and to ensure that by living within its budget, it provides a value for money service. I have in place a comprehensive



OLSCC staff in training

budgeting system encompassing compliance controls, and a review and reporting mechanism to provide assurances to myself as Budget Holder and to DCA.

I am committed, along with DCA, to the prompt payment of suppliers. Payments are normally made as specified in the 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.

During this year I have introduced DCA's "*Risk Management*" policy and I have processes within my organisation to identify, assess, control and report risk. I have a review and reporting mechanism in place to help provide assurances to all appropriate parties and have produced a set of annual accounts for 1 April

2005 to 31 March 2006. These can be found in Chapter 8 of this report.

My 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 in Chapter 8 (note 5) and relates solely to the audit of my accounts.

As far as the Accounting Officer and myself are aware, there is no relevant audit information of which OLSCC's auditors are unaware and the Accounting Officer and myself 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 my Office amounted to £1.51m in 2005-06, compared to £1.05m in 2004-05. Costs increased mainly as a result of the expansion of the Office that saw staff numbers increase from an average of 8 employees in the year the office was set up, to an average of 18 in 2005-06. Other direct costs were lower than in 2004-05 because of the reduction in consultancy costs involved in setting up the Office.

Of this total expenditure, £947,092 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 £468,019 to be funded by DCA.

At the year-end 31 March 2006, 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 £9,632 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.

Stakeholders and Stakeholder Management

I believe that the following groups of people have an interest in my work and its outcomes.

- **Consumers** who use 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 we are 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 on whose skills, knowledge and experience we rely.
- **My Advisory Board and Legal Services Consumer Board**, who support me in my work for consumers and the legal profession.

Since my appointment as Commissioner, I have continued to work co-operatively and closely with a number of key stakeholders. I am keen to understand what they expect from me regarding the work being undertaken by my Office, and the impact that this is having on improving the handling of complaints by the Law Society.

I continue to recognise the importance of consumer input into my work and throughout this year I have held regular meetings of my Advisory Board and my newly established Legal Services Consumer Board.

The Advisory Board

Following the launch of my Office, I appointed an Advisory Board to bring a wider range of experiences and skills to my work as Commissioner, and to build on the recommendations of the Better Regulation Executive and its 'Principles of Good Regulation'. My Advisory Board held its first meeting in 2004, and since then it has continued to provide me with invaluable support and advice on a number of key issues around legal services complaints handling. Details of my Advisory Board members can be found in Appendix 7.



The OLSCC Consumer Board at work

In relation to the handling of complaints by the Law Society and my remit as Commissioner the broad aims of my Advisory Board are:

- to advise me on the use of my powers, including levying a penalty, if necessary;
- to advise on the strategy to bring about improvements by the Law Society to complaints handling;
- to help identify good practice and ways in which the Law Society could improve its service;
- to advise me on my work programme, priorities, methods of working and communications; and
- to help to inform the activities and opinions of stakeholders including consumers of legal services, the Law Society and its members.

Legal Services Consumer Board

In February 2006 I also set up a Legal Services Consumer Board to help inform my work and add additional focus on expectations of good legal services complaints handling by consumers. I have done this to bring a wider range of experiences and skills to my work as Commissioner, and to ensure that consumer's views on complaints handling by the Law Society are at the heart of the Government's legal reforms. My Legal Services Consumer Board is advisory in nature, specialising in providing expertise in consumer needs.

The remit of my Legal Services Consumer Board includes:

- advising me on consumer concerns and issues to help inform the OLSCC's work programme and priorities, with a particular view to consumers who may be disadvantaged;

- providing advice on setting customer service standards;
- helping identify good practice and advising me on ways in which complaints handling of the legal service could be improved for consumers;
- advising me on the best way to engage with consumers and potential users of legal and complaints services;
- promoting the interests of consumers by advising, commenting and making recommendations on existing and developing OLSCC policy and practices, including my consultation responses;
- identifying and taking forward research opportunities with support from the OLSCC; and
- helping identify good practice, which can be used in the setting up of the Office for Legal Complaints and the Legal Services Board, where my powers will be transferred.

I have taken care to draw on a membership covering a range of consumer and professional knowledge and to seek a mix of members that reflects the diversity of society. My Board members bring a wide range of experiences including work with consumers, consumer education and advice, media issues, market research and the legal profession. Details of my Legal Services Consumer Board members can be found in Appendix 8.

Interaction between the Legal Services Consumer Board and the Advisory Board

My Legal Services Consumer Board has been appointed in addition to my existing Advisory Board. Although one member sits on both Boards, their remits are complementary but separate. My 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 the Law Society, whereas my Consumer Board focuses on the consumer perspective.

The Law Society Consumer Complaints Board and Regulation Board

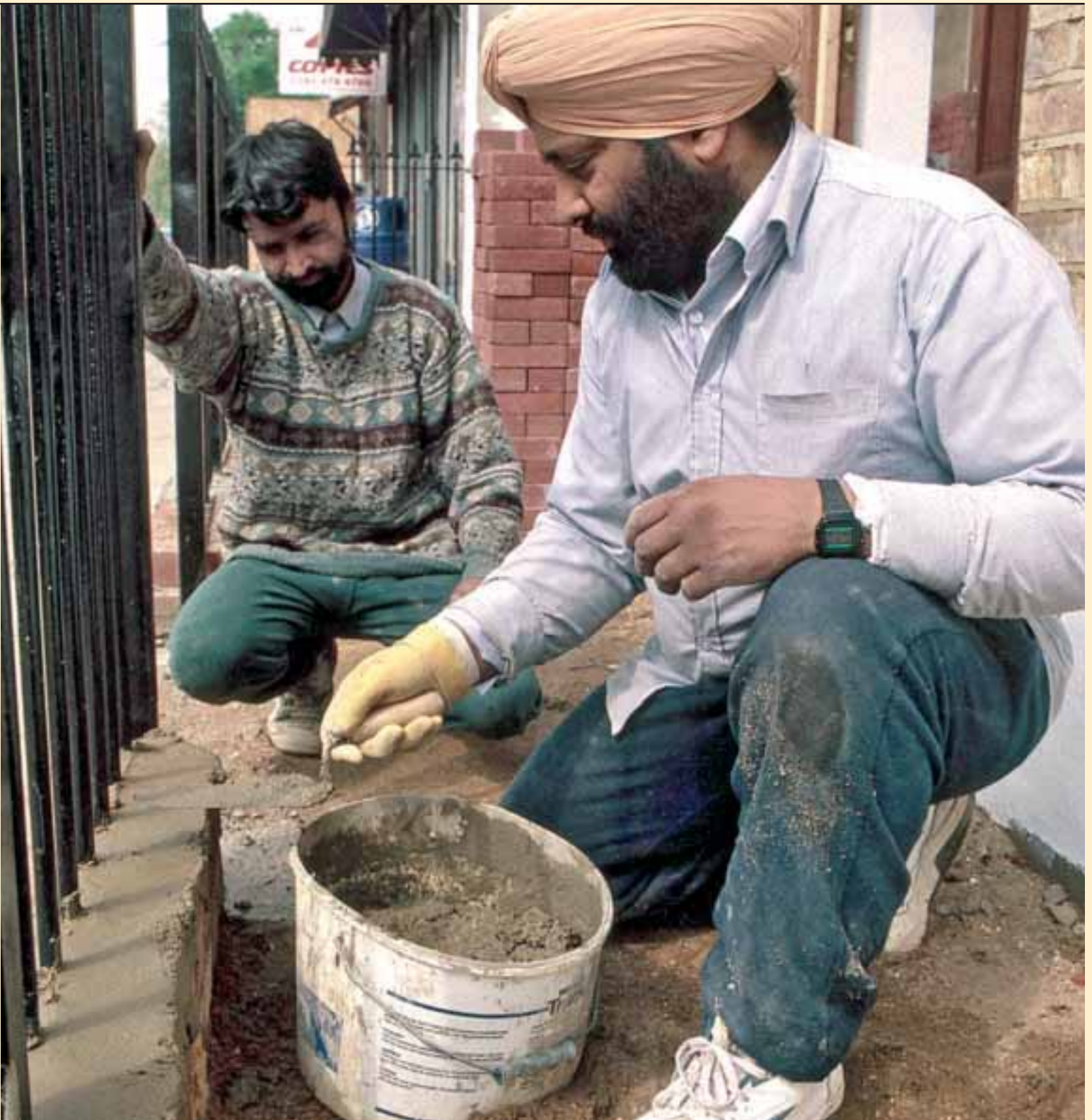
I noted in my Interim Report that the Law Society had planned to implement its two new governance boards from January 2006 and said that I would be looking closely at their interaction. These two new Boards, although not officially appointed until January 2006, have worked in a shadow role since November 2005.

My main concern remains that governance arrangements should fully support the improvement of complaints handling wherever it occurs within the Law Society. Until the new Legal Services Board and Office for Legal Complaints have been fully set up under the Government's proposed legal reforms, I will, under my powers, continue to help ensure that complaints handling by the Law Society improves, regardless of where the complaint is handled internally by the Law Society.

I hope and expect that both Boards will engage in the necessary liaison between themselves, and I am pleased to note that the Law Society has established a Liaison Committee, with this intention.



Building on consumer expectations



The coming year

Look ahead for the period 1 April 2006 to 31 March 2007.

In my Business Plan for 2005 – 2006 I set out the key aims that I wanted to achieve.

These were to:

- improve complaints handling by the Law Society;
- audit and benchmark the Law Society's systems and processes;
- help ensure that the needs of the consumer were at the heart of the Government's reforms of legal services; and
- deliver a quality service that represented good value for money.

I achieved all of those aims. But I am always looking for continuous improvement in all that I do, and this year I want to enhance further each of these themes, so that all consumers and practitioners of legal services can see a real difference.

The extensive work undertaken by my Office during the last twelve months has been fundamental to



Raising standards

informing the development of targets for the Law Society for 2006-07. These targets reflect my desire to move closer towards an effective and efficient service for consumers. My hope is that these changes will bring about further improvements and have a tangible and beneficial impact on the consumers of legal services.

As part of these targets I want to see evidence from the Law Society that it is dealing with cases in a timely manner, to a quality standard and with due regard to customer service. Fairness for both the consumer and the profession throughout the whole process is my primary concern. I want to see the Law Society closing new cases quickly as well as dealing with existing cases promptly. I want to see a reduction in delays throughout all of its processes, so that it takes less time to handle complaints, and that there is an effective and efficient utilisation of its budget and resources.

Along with improved timescales, I want to see greater improvements for the consumer in the quality of decisions, for example, a consistent approach to decision making and more effective quality control processes to track and monitor cases from beginning to end. I also want to see more detailed assessments of cases at the outset which I consider is key, to establishing that cases are designated to the correct business area at the start of the complaint handling process.

Targets for complaints handling starting from 1 April 2006

I have now set the following strategic priorities for the Law Society to focus on during 2006-07, including targets. I consider that these provide balanced and complementary objectives covering all complaints handling activity within the Law Society. Full details of all the targets and recommendations for the period 1 April 2006 to 31 March 2007, relating to these strategic priorities, are shown in full in Appendix 9.

Strategic Priority 1: Improving the speed with which complaints are handled by the Law Society.

I consider that the timely handling of complaints is key to the strategy of improving the consumer experience. This means both closing new cases quickly, and dealing with existing cases that have already been open for a significant time. By focusing on both ends of the time taken to handle a case, my timeliness targets for 2006-07 should enable the Law Society to handle complaints more quickly, so that consumers will be more satisfied with the speed at which their complaint has been handled.

Strategic Priority 2: Improving the quality of complaints handling by the Law Society.

It is important that the Law Society continues to work towards improving the quality of its decision making on complaints. However, I believe that quality control measures should be extended to capture the end to end process for complaints handling. As a result of this, the Law Society should be in a position to provide greater improvements for the consumer, particularly in the areas of delays, designation, case management and assessment of cases at the outset. This approach, I feel, recognises the need to continually strive to improve services to consumers.

Strategic Priority 3: Implementing the Law Society's agreed Plan.

I consider that successful delivery of the Law Society's Plan is also key to bringing about the improvements needed to move complaints handling closer to being effective and efficient. My Office will continue to measure the Law Society's capability as an organisation, to enable it to successfully take forward delivery of its Plan.

My recommendations for 2006-07

I have also made a number of recommendations, which I believe if the Law Society implements will improve complaints handling. I will be closely monitoring the action the Law Society takes and if necessary, where action is not evident, consider introducing further targets. These recommendations are listed in Appendix 9.

Law Society initiatives for 2006-07

Continuous improvement and the ability to introduce change effectively is key for any organisation if it is to improve its services. That is why I believe the Law Society should focus on introducing a more manageable number of initiatives to bring about the necessary improvements. This may mean fewer initiatives but should increase the chances of them being implemented successfully and delivering the level of improvement expected. An area that is critical to ensure the right initiatives are implemented in the first place is for the benefits of that initiative to be identified prior to implementation. Failure to do this provides no confidence that the initiatives will deliver improvements.

Identification of key areas for audit during 1 April 2006 to 31 March 2007

I have an annual audit schedule that will form the basis of a work programme for my Research and Investigations team for the period 1 April 2006 to 31 March 2007. This will be a combination of an annual case file audit, audits to support target measurements and audits which analyse adherence to, and appropriateness of, the key Law Society processes and policies.



There is a need for flexible resources to meet consumer needs

Law Society Plan for the period 1 April 2006 to 31 March 2007

On 3 April 2006, I announced that I had declared the Law Society Plan for the period 1 April 2006 to 31 March 2007, as inadequate for securing effective and efficient complaints handling. This was because:

- the Plan presented by the Law Society did not aim to deliver sufficient improvements in complaints handling which consumers and practitioners expect and deserve;
- the Plan did not include all of the targets I set which I believed to be reasonable. Those targets included changes I had made to try and secure agreement with the Law Society.

Following my announcement that the Law Society Plan was inadequate for securing effective and efficient complaints handling, I provided it with an opportunity to make representations to me as to whether I should

impose a penalty, and if so, in what sum. The Law Society took this opportunity and provided both written and oral representations to me, on 28 April and 5 May 2006, respectively.

Having taken these representations and all other factors into account, on 17 May 2006, I notified the Law Society of my decision to levy a penalty of £250,000.

Although I found it disappointing to have made this decision, I believe it is now important to maintain the focus and to look at how the Law Society can move forward to improve complaints handling. To that effect, I am pleased to say that my Office has already held meetings with the Law Society to consider options for the way forward. I will continue to monitor and measure the Law Society's performance against the targets I have set for the period 1 April 2006 to 31 March 2007.

Future of Legal Services – what will this mean for the consumer?

The launch of the Government's draft Bill for legal reform¹⁹ and its passage through Parliament will be very much in the forefront of my thinking in the coming year. If the Bill remains intact during the legislative process, the consumer and profession can expect a new and independent Office for Legal Complaints that will act as a single point of entry for all complaints about lawyers in England and Wales.

As described in the draft Bill, the formation of the Legal Services Board as a new oversight regulator will enable consumer groups to play a statutory role in overseeing regulation of the profession.

Consumers and the profession will benefit from new choices and opportunities created by the provision for Alternative Business Structures. This will enable new combinations of legal and other professionals to work together to bring complementary services to the consumer. I would hope that this shake up in the market will re-energise the sector, introduce more competition and bring a renewed focus on meeting the consumer's needs.

I welcome the Government's reforms and hope to see them implemented fully. However, the consumer and profession have waited a long time for these reforms, expectations of improvements to the current system (especially the handling of complaints) will not be put on hold while the reforms move towards implementation. It is essential that all concerned continue to make every effort to improve the current system.

It is my role as Commissioner to continue to work with the Law Society to deliver the most effective and efficient complaints handling service possible.

Advisory Board activities during 1 April 2006 to 31 March 2007

My plans for my Advisory Board for next year include advising and supporting me on areas such as the Law Society's performance, setting of targets for 1 April 2007 to 31 March 2008 and the use of my powers as Commissioner.

Legal Services Consumer Board activities during 1 April 2006 to 31 March 2007

At the first meeting of my Consumer Board I agreed that their views and recommendations would feed into a 'Consumer Strategy'. The main areas for focus for my Consumer Board during 2006-07 will be to assist me in identifying what the consumer expects from complaints handling in legal services provision, now and in the future.

Working with the Law Society

Since my appointment as Commissioner, I have continued to work with the Law Society to help it to improve its complaints handling. I am pleased that the positive working relationship that has been built has been maintained between my staff and the Law Society during the period covered by this Annual Report. I will continue to have a result focused and productive working relationship with the Law Society over the next 12 months. One that supports and encourages delivery of what consumers should reasonably expect from a complaints handling system.

¹⁹ The draft Legal Services Bill - more information can be found on the Parliament website www.Parliament.gov.uk

1 April 2005 to 31 March 2006
My Annual Accounts

Annual Accounts 2005-2006

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 an HM Treasury Memorandum and include responsibility for preparing the accounts of the DCA and for transmitting them to the Comptroller and Auditor General.

The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which an Accounting Officer is answerable, for keeping proper records and for safeguarding the DCA's assets, are set out in the Accounting Officers' Memorandum, issued by HM Treasury and published in Government Accounting.

The Secretary of State and Lord Chancellor has appointed the Legal Services Complaints Commissioner for England and Wales (Commissioner) to oversee the day to day operations of the Office of the Legal Services 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 has directed the Commissioner to produce accounts for the financial year ending 31 March 2006.

These accounts are prepared on an accrual basis and must give a true and fair view of the state of affairs of OLSCC, the 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 (FReM) 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 FReM 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, operates as a cost centre 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.

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 DCA for the year ended 31 March 2006, and up to the date of approval of the annual report and accounts, and accords with Treasury guidance. The procedure for reporting on risk issues to the Departmental Management Board (DMB) was reviewed, with the new process in place since February 2004.

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 and endorsed by the DMB and me, was published in June 2002. This in conjunction with the guidance on the Quarterly Risk Reporting process 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. The document is available to all staff on the DCA Intranet.

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 DCA has also appointed its Finance Director to lead its work in implementing the recommendations contained in the Strategy Unit's Report 'Risk: Improving Government's capability to handle risk and uncertainty'.

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:

- the DCA policy and framework document, setting out formal processes for identifying, evaluating, managing and reporting risk;
- DCA Corporate Governance team leading on policy, co-ordinating risk reporting and review across the department, monitoring progress and responding to requirements issued by central departments;
- OLSCC system of analysis and reporting 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;

- Bi-annual 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 auditable trail of evidence, and a review and reporting mechanism to provide assurances from the Commissioner, 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.
- an audit on Coal Health Compensation Scheme cases. This has been undertaken to examine the consistency and effectiveness of the Law Society's handling of complaints by miners about the solicitors who represented them in their claims;
- production of an Interim and an Annual Report detailing the Commissioner's conclusions about the Law Society performance; and
- the establishment of a Legal Services Consumer Board to gain a better understanding of the needs and perceptions of users of legal services and their representatives, and actively canvass their views.

In addition to the developments in risk management, the 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 2005–06 OLSCC has also engaged in influencing the performance of Law Society to improve its handling of consumer complaints through:

- actively monitoring and evaluating the Law Society's progress against its Plan and the targets set.
- defining further clear and reasonable performance targets for the 2006–07 year and assessing the draft Law Society Plan for that year to gain an understanding of the Law Society performance;
- two major audits by the OLSCC Research and Investigations team on Special Payments and Annual Case Files. These have assisted in setting targets and recommendations around quality improvements for the Law Society for next year;

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 DMB** – These Boards approved the DCA Framework and Policy Document and have been involved in the development and monitoring of the Corporate Risk Register.
- **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 three times each year and has a non-executive Chairman. 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. During 2005–06, the Chairman reported directly to the Accounting Officer and the DMB.

- **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.

In April 2005, the financial system used by DCA (Oracle) was upgraded to meet the changing needs of the wider DCA business. This financial system is managed through an outsourced contract. The implementation of the upgrade resulted in significant issues of internal control, in particular payment and payroll controls and reporting functionality. To manage the situation, the DCA established the Financial Systems Implementation Programme (FSIP). This programme was set up to take both:

- short-term actions to stabilise the implementation, minimise incorrect transactions and correct errors within the financial system; and

- recover the system and processes to provide a robust business-as-usual service to the business.

The successful recovery of the system and its processes to an acceptable business-as-usual performance means that reliance can now be placed upon the finance system. This was achieved by:

- making technical adjustments through system enhancements;
- amending management information, and cleansing core data sets;
- fully documenting and re-implementing finance processes and services from end to end, by additional training and communications for end-users; and
- developing more robust management controls in all finance processes.

Apart from the above, there are no significant internal control issues for OLSCC.

This statement applies to OLSCC. The Statement on Internal Control for DCA as a whole will be available from the Stationery Office when DCA 2005–06 Accounts are published later this year.

Alex Allan
Accounting Officer,
Department for Constitutional Affairs.
Date: 28/06/06

Zahida Manzoor CBE
The Legal Services Complaints Commissioner.
Date: 28/06/06

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 Office of the Legal Services Complaints Commissioner for the year ended March 2006 in accordance with the Access to Justice Act 1999. These comprise the Operating Cost Statement, Balance Sheet, Cashflow Statement and related notes. These financial statements have been prepared under the accounting policies set out within them.

Respective responsibilities of the Accounting Officer and auditor

The Accounting Officer is responsible for preparing the Annual Report and the financial statements in accordance with 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 Treasury ensuring the regularity of financial transactions. These responsibilities are set out in the Statement of Accounting Officer's Responsibilities.

My responsibility is to audit the financial statements 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 HM Treasury directions issued under FReM 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.

I also report to you if, in my opinion, the Annual Report is not consistent with the Financial Statements, if the DCA 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 the previous pages reflects DCA compliance with HM Treasury's guidance on the Statement on Internal Control, and I report if it does not. I am not required to consider whether the Accounting Officer's statements on internal control cover all risks and controls, or to form an opinion on the effectiveness of DCA 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. This other information comprises only, the Statement of Accounting Officer and Commissioner's responsibilities, the Statement on Internal Control, the unaudited part of the Remuneration Report, and information contained in Chapter 6. I consider the implications for my report if I become aware of any apparent mis-statements 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 DCA 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 are free from material mis-statement, 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.

Opinions

In my opinion:

- the Financial Statements give a true and fair view, in accordance with FReM and directions made thereunder by HM Treasury, of the state of OLSCC affairs as at 31 March 2006, and the net expenditure and cashflows 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 thereunder by the Secretary of State and Lord Chancellor with the approval of Treasury; and
- 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.

I have no observations to make on these financial statements.

Paul Keane
Director, Parliament and Justice
For the Comptroller and Auditor General

National Audit Office
157–197 Buckingham Palace Road
Victoria
London
SW1W 9SP
Date: 10 July 2006

OPERATING COST STATEMENT

For the YEAR ENDED 31 MARCH 2006

Fig. 17 Operating cost statement for the year ended 31 March 2006

	Notes	2005-06 £	2004-05 £
Income		(1,038,076)	(575,848)
Staff costs	2	812,881	389,002
Other direct costs	3	260,093	367,150
Accommodation costs	4	161,740	193,341
DCA overhead charge		254,298	86,969
Other non cash costs	5	17,083	8,945
Total costs		1,506,095	1,045,407
Net expenditure		468,019	469,559

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

The "Notes to the Accounts" which are shown in this chapter also form part of the Annual Accounts.

BALANCE SHEET AS AT 31 MARCH 2006

Fig. 18 Balance sheet as at 31 March 2006

	Notes	2005-06 £	2004-05 £
Fixed assets			
Tangible fixed assets	6	74,713	70,531
Current assets			
Debtors/Prepayments	7	947,148	6,750
Current liabilities			
Creditors	8	(1,031,493)	(136,443)
Net current assets/(liabilities)		(84,345)	(129,693)
Total assets less current liabilities		(9,632)	(59,162)
Taxpayers equity			
General Fund	10	(9,632)	(59,162)
		(9,632)	(59,162)

The "Notes to the Accounts" which are shown in this chapter also form part of the Annual Accounts.

Alex Allan
Accounting Officer.
Date: 04/07/06

Zahida Manzoor CBE
The Legal Services Complaints Commissioner.
Date: 28/06/06

CASH FLOW STATEMENT

YEAR ENDED 31 MARCH 2006

Fig. 19 Cash flow statement year ended 31 march 2006

	Notes	2005-06 £	2004-05 £
Net cash outflow from operating activities	9	(241,986)	(243,952)
Capital expenditure		(12,968)	(71,511)
Finance from DCA		254,954	315,463
Increase in cash		0	0

The "Notes to the Accounts" which are shown in this chapter also form part of the Annual Accounts.

NOTES TO THE ACCOUNTS

NOTE 1 ACCOUNTING POLICIES

Basis of accounting

These accounts for 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 historic 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. DCA accounts give greater detail on accounting policies.

Going concern

The accounts are prepared on a going concern basis despite the net expenditure and overall net liabilities because the DCA settles all of OLSCC's financial transactions with funds voted by Parliament.

The government's 2005 White Paper, 'The Future of Legal Services: Putting Consumers First' sets out fundamental changes in the way that legal services will be regulated in England and Wales by proposing the formation of the Office for Legal Complaints and a Legal Services Board. Until primary legislation is passed the Office for Legal Complaints and Legal Services Board cannot come into existence and so there is no immediate threat to the existence of OLSCC.

Income

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

Staff costs

Staff costs are made up of:

- salary and associated costs of staff employed at OLSCC. Associated costs include pension obligations for present employees;
- fees paid to self employed staff;
- 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 DCA Associated Offices including OLSCC. Departmental costs do not include OLSCC's share of the costs under contracts that have been awarded by DCA 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 book value 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 Customs and Excise 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

Expenditure on tangible fixed assets of over £1,000 is capitalised. Tangible assets primarily comprise IT equipment depreciated over five years. Furniture has been pooled and depreciated over 20 years.

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 DCA 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, DCA recognises the contributions payable for the year.

Payments to Suppliers

DCA is committed to the prompt payment of suppliers. Payments are normally made as specified in the contract. If there is no contractual provision or other understanding, they are paid within 30 days of the receipt of the 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 2005-06, showed that for DCA as a whole, 88.03% of invoices were paid on time. Separate statistics are not available for OLSCC.

NOTE 2 Staff costs

	Employees £	Self-employed £	Agency staff £	2005-06 Total £	2004-05 Total £
Wages, salaries and fees	635,741	2,082	1,166	638,989	317,993
Social security costs	54,714	–	–	54,714	28,604
Other pension costs	119,178	–	–	119,178	42,405
	809,633	2,082	1,166	812,881	389,002

The Principle 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 2005-06 contributions of £119,178 (2004-05 £42,405) 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 16.2 % to 24.6 % of pensionable pay.

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 17.09 employee and 1 self- employed (2004-05 8.13 in total).

Staff costs include the Commissioner's salary and pension contributions in Cash Equivalent Transfer Value (CETV) made on her behalf. Zahida Manzoor CBE held the post during 2005-06. Please refer to the Remuneration Report for further details.

NOTE 3 Other direct costs

	2005-06	2004-05
	£	£
Travel and subsistence	70,880	30,514
External consultancy	37,368	172,261
Office supplies	30,394	6,882
Printing and reprographics	55,252	4,187
Distribution, postage and telecommunication	7,872	65
Other	58,327	40,496
Recruitment cost	–	112,745
Total	260,093	367,150

NOTE 4 Accommodation costs

	2005-06	2004-05
	£	£
Rent and service charge	121,579	126,087
Rates	32,922	808
Other property costs	7,239	66,446
Total	161,740	193,341

NOTE 5 Other non cash costs

	2005-06	2004-05
	£	£
Depreciation	5,919	980
Cost of capital	(1,203)	(1,035)
Impairment of asset	2,867	–
External audit fees	9,500	9,000
Total	17,083	8,945

The external audit fees relate only to the audit of these annual accounts

NOTE 6 Tangible fixed assets

	Furniture	Computer and Other Equipment	Total
	£	£	£
Cost or valuation			
At 1 April 2005	59,005	12,506	71,511
Additions	10,743	2,225	12,968
Impairment of asset	(2,867)	–	(2,867)
At 31 March 2006	66,881	14,731	81,612
Depreciation			
At 1 April 2005	738	242	980
Charge for the year	3,344	2,575	5,919
At 31 March 2006	4,082	2,817	6,899
Net book value			
At 31 March 2006	62,799	11,914	74,713
At 31 March 2005	58,267	12,264	70,531

NOTE 7 Debtors/prepayments

	2005-06	2004-05
	£	£
Accrued Income	947,092	-
Accommodation prepayments	-	6,750
	<hr/> 947,148	<hr/> 6,750

NOTE 7(b) Intra-Government Balances

	2005-06	2004-05
	£	£
Balances with other central government bodies	-	-
Balances with bodies outside central government	947,148	6,750
At 31 March 2006	<hr/> 947,148	<hr/> 6,750

NOTE 8 Creditors

The cash relating to the deferred income is not accounted for separately in OLSCC's financial statement but is instead shown in the bank balance figure within the DCA resource accounts.

	2005-06	2004-05
	£	£
Law Society Income to DCA	947,092	-
Accommodation accruals	52,939	32,147
Other accruals	31,462	13,312
Deferred Income	-	90,984
	1,031,493	136,443

NOTE 8(b) Intra-Government Balances

	2005-06	2004-05
	£	£
Balances with other central government bodies	-	-
Balances with bodies outside central government	1,031,493	136,443
At 31 March 2006	1,031,493	136,443

NOTE 9 Reconciliation of operating cost to operating cash flows

	Note	2005-06 £	2004-05 £
Net operating cost		(468,019)	(469,559)
Departmental overhead charge		254,298	86,969
Other non cash costs	5	17,083	8,945
Increase in prepayments	7	(940,398)	(6,750)
(Decrease)/Increase in creditors	8	895,050	136,443
Net cash outflow from operating activities		(241,986)	(243,952)

NOTE 10 General fund

	2005-06 £	2004-05 £
Net expenditure for year	(468,019)	(469,559)
Financing from DCA	254,954	315,463
Departmental overhead charge	254,298	86,969
Cost of capital	(1,203)	(1,035)
Auditors' remuneration	9,500	9,000
Net (decrease)/increase in General Fund	49,530	(59,162)
General Fund at start of year	(59,162)	–
General Fund at end of year	(9,632)	(59,162)

NOTE 11 Commitments under leases

At 31 March 2006 DCA was committed to making the following payments during the year in respect of operating leases on assets used by OLSCC expiring:

	2005-06		2004-05	
	Land and Buildings £	Other £	Land and Buildings £	Other £
Within one year	-	-	-	-
Two to five years	96,079	15,954	-	16,000
After five years		-	56,000	-
	<u>96,079</u>	<u>15,954</u>	<u>56,000</u>	<u>16,000</u>

NOTE 12 Contingent liabilities

There are no contingent liabilities.

NOTE 13 Related parties

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

Zahida Manzoor, 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.

NOTE 14 Capital commitments

There are no capital commitments.

NOTE 15 Post balance sheet events

There are no post balance sheet events.

NOTE 16 Liquidity risk

OLSCC's 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.

Annex to the Accounts

ACCOUNTS DIRECTION GIVEN BY THE SECRETARY OF STATE AND LORD CHANCELLOR, WITH THE APPROVAL OF THE TREASURY, IN ACCORDANCE WITH PARA 6(2) OF SCHEDULE 8 TO THE ACCESS TO JUSTICE ACT 1999

For the year ended 31 March 2006 and for subsequent years, the Legal Services Complaints Commissioner shall produce accounts.

These accounts shall be based on the accounting principles and disclosure requirements in accordance with:

- a. Government Financial Reporting Manual (FReM) but shall not contain the Statement of Parliamentary Supply or the Net Operating costs by DCA Aims and Objectives; and
- b. other guidance, which HM Treasury may issue from time to time in respect of accounts, which are required to give a true and fair view.

These accounts shall be prepared so as to give a true and fair view of the state of affairs of OLSCC as at 31 March 2006 and of the net operating costs, recognised gains or losses and cash flows for the financial year then ended.

Compliance with the requirements of FReM will, in all but exceptional circumstances, be necessary for the accounts to give a true and fair view. If, in these exceptional circumstances, compliance with the requirements of FReM is inconsistent with the requirement to give a true and fair view, the requirements of the FReM should be departed from only to the extent necessary to give a true and fair view. In such cases, informed and unbiased judgement should be used to devise an appropriate alternative treatment, which should be consistent both with the economic characteristics of the circumstances concerned and the spirit of the FReM. Any material departure from the FReM should be discussed in the first instance with the Treasury.

REMUNERATION REPORT

Remuneration Policy

The Prime Minister, following independent advice from the Review Body on Senior Salaries sets the remuneration of senior civil servants for the Office of the Legal Services Complaints Commissioner (OLSCC).

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.

Ministers' remuneration is set by the Ministerial and Other Salaries Act 1975.

No elements of ministerial salaries are included in these accounts.

The salaries for the members of the Management Board are determined by the Permanent Secretary of the DCA in accordance with the rules set out in Chapter 7.1 Annex A of the Civil Service Management Code.

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.

The Commissioner is a statutory appointee on a fixed term contract, co-terminous with that of the Legal Services Ombudsman, which currently expires on 2 March 2009. It is open to the Office Holder to tender his/her resignation from either or both offices at any time. In addition, it is possible that the office of OLSCC may be abolished under legislative reform before the expiry of the term of three years, and the appointments may be terminated in consequence of such abolition.

It is also possible that there may be no professional body, complaints about whose members are not being handled effectively and efficiently, such that the basis for the exercise of the functions of the OLSCC ceases to exist; and should that happen, it is possible that the appointment as commissioner might be terminated in consequence. In these circumstances, the Secretary of State has discretion to make a payment to the Office Holder, should he consider that there are special circumstances, which make it right that the Office

Holder should receive compensation; but there can be no guarantee of such a payment.

As an independent office holder, she is not subject to performance pay arrangements, though she makes an Annual Report to 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'. However the contract makes it clear there can be no guarantee of such a payment.

Further information about the work of the Civil Service Commissioners can be found at www.civilservicecommissioners.gov.uk

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 and any other allowance to the extent that it is subject to UK taxation

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. They are both members of the Principle 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

Fig. 20 Remuneration

Members	2005-06 '000	2004-05 '000
Zahida Manzoor	40-45	35-40

Fig. 21 Pension Benefits

Name	Accrued pension at age 60 as at 31/03/06 £'000	Real increase in pension at age 60 £'000	CETV at 31/03/06 £'000	CETV at 31/03/05 £'000	Real increase in CETV £'000
Zahida Manzoor	5-10	0-2.5	80	41	23

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 at the website 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.

Please note that the factors used to calculate the CETV were revised on 1 April 2005 on the advice of the Scheme Actuary. The CETV figure for 31 March 2005 has been restated using the new factors so that it is calculated on the same basis as the CETV figure for 31 March 2006.

Real increase in CETV

This reflects the increase in CETV effectively funded by the employer. It takes account of 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.

Glossary of terms

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.
Act	Access to Justice Act 1999.
Advisory Board	Legal Services Complaints Commissioner's Advisory Board. This was established to advise and support the Commissioner on measuring the Law Society performance against its Plan, setting of targets, and the use of the Commissioner's powers.
BRE	Better Regulation Executive.
CAI	Conduct Assessment and Investigation Unit – the part of the Law Society that is responsible for dealing with non-client conduct complaints and complaints in specialist areas such as immigration and discrimination matters.
CCS	Consumer Complaints Service - the part of the Law Society that handles the bulk of client related complaints made against solicitors in England and Wales by users of legal services.
Complaints	Matters where the Law Society takes action to conciliate and settle, or investigate and determine an expression of dissatisfaction about the service provided by a firm of solicitors or the conduct of an individual solicitor.
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 the Law Society.
Conduct cases	A complaint that relates to the actions/behaviour of an individual solicitor rather than the service received by the firm of solicitors as a whole.
Consumer	Anyone who uses the Law Society'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 the Law Society 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.
DCA	Department for Constitutional Affairs.
EFQM	European Foundation for Quality Management.
FTE	Full-time equivalent (with relation to staff).
IIP	Investors in People.
KPI	Key Performance Indicators – a measure used to assess the effectiveness of a particular process, system or service.
Lay Panel	This is a group with both legal and non legal members whose aim is to consider all complaints which are over eighteen months old.
LCO	Local Conciliation Officers – these are solicitors who have received complaints handling training to enable them to investigate complaints on behalf of the Law Society.
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 the Law Society.
Not upheld	Following investigation of a case the Law Society has not found there is a case to answer.
OLC	Office for Legal Complaints – under the Government’s legal reforms it is proposed that the OLC will become responsible for handling complaints about legal practitioners 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 the Law Society jurisdiction to handle – for example some types of negligence cases.
PSU	Practice Standards Unit, the part of the Law Society 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.
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 the Law Society.
Rule 15	This is the rule governing the complaints handling procedures which solicitors should have in place. The Law Society will generally only consider cases where the consumer has first registered the complaint with the solicitor in question.
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 the Law Society service, (previously known as ex-gratia payments).
Temporary Closures	A case file can be temporarily closed when matters outside of the Law Society’s control, as outlined in its 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 the Law Society.
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 – for example, 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, for example, very minor conduct cases or complex negligence.

The role and powers of the Commissioner

The appointment of the Legal Services Complaints Commissioner

- Section 51(1) of the Access to Justice Act 1999 states that the Secretary of State may appoint a person as Legal Services Complaints Commissioner.
- Section 51(2) of the Access to Justice Act 1999 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) of the Access to Justice Act 1999 states that at the end of his term of appointment the Commissioner shall be eligible for re-appointment.
- Section 51(4) of the Access to Justice Act 1999 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) of the Access to Justice Act 1999 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) of the Access to Justice Act 1999 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) of the Access to Justice Act 1999 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) of the Access to Justice Act 1999 states that the Secretary of State shall by order made by statutory instrument specify the maximum amount of any penalty under subsection (3).
- Section 52(6) of the Access to Justice Act 1999 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) of the Access to Justice Act 1999 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) of the Access to Justice Act 1999 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) of the Access to Justice Act 1999 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) of the Access to Justice Act 1999 states that in this section “professional body” has the same meaning as in section 22 of the Courts and Legal Services Act 1990.

The OLSCC – Our vision and values

Our OLSCC vision is:

- through consistent, transparent and targeted regulation, to work with the Law Society of England and Wales to ensure that complaints about solicitors are handled effectively and efficiently to achieve a fair and timely service that meets the reasonable expectations of consumers;
- to achieve this by developing, motivating and enabling the talents of our staff at all levels to apply the highest standards in all they do and to work constructively, fairly and consistently with all those interested in our work; and
- we seek to be a regulator that delivers the highest quality, and best value, in our service to others.

Our values are to:

- work with honesty, integrity and fairness, ensuring that we are independent and impartial in our decisions;
- strive to be a quality employer of choice, respectful of the interests and diversity of all our staff and committed to developing and training all individuals to help them meet business goals and objectives; and
- work in a culture that is open, builds trust, encourages personal responsibility and supports professional development.

The Commissioner's targets for 1 April 2005 to 31 March 2006

To support target setting in 2005-06 four strategic priorities were identified, which cover the main areas that can bring about improvement in complaints handling for the consumer.

- **Improving timeliness** – people want their complaints resolved within a reasonable time
- **Improving customer satisfaction** – this includes impartiality, a clear process, and an effective remedy where one is appropriate
- **Improving quality of decisions** – this includes consistency, following procedures properly, and ensuring there is no unfair discrimination
- **Delivery of plans** – this involves a proper planning process drawing together people with the right skills, using quality systems, and delivering the intended level of performance within reasonable timescales and then sustaining it

The following targets were set for 2005-2006.

Target 1 - Improving timeliness

To close at least:

- 53% of complaints within 3 months
- 75% of complaints within 6 months
- 85% of complaints within 9 months
- 92% of complaints within 12 months
- 98% of complaints within 18 months

Target 2 - Improving customer satisfaction

68% or more of complainants to be satisfied with the handling of their complaint by the Law Society.

Target 3 - Improving the quality of decisions

70% or more of referrals to the Legal Services Ombudsman result in the Law Society's handling of the case being upheld.

Target 4 - Delivery of the Law Society Plan

All key milestones to be delivered on time as specified in the Year 1 Law Society Plan (unless varied by agreement with the LSCC).

Key Performance Indicators to support the targets for 1 April 2005 to 31 March 2006

Fig. 22 Strategic Point 1 Timeliness	
Title	Frequency of Law Society reporting
Live case age profile	Monthly
Total work in progress	Monthly
Number of receipts (by type)	Monthly
Number of closures (by type)	Monthly
Number and age profile of unallocated cases	Monthly
Number of help line enquiries and number closed	Monthly
Number of closures per FTE caseworker	Monthly
Number of case transfers and average age of case at transfer	Monthly
Timeliness by outcome type	Monthly
% of all matters closed within 3,6,9,12,18 months	Monthly
% of calls answered within 20 seconds	Monthly
% of abandoned calls	Monthly

Fig. 23 Strategic Point 2 Improve customer satisfaction

Title	Frequency of Law Society reporting
Satisfaction by outcome type	Quarterly
Satisfaction with service	Quarterly
Satisfaction with outcome	Quarterly
Satisfaction by method of decision	Monthly
Reasons for satisfaction	Monthly
% of complaints referred to LSO	Monthly
Number of complaints made about Law Society service	Monthly
Number of times contact not made at least every 30 days	Monthly
Number and average size of ex-gratia payments by the Law Society	Quarterly
Compliance with service standards	Monthly

Fig. 24 Strategic Point 3 Improve quality of decisions

Title	Frequency of Law Society reporting
Breakdown of outcomes by outcome type	Monthly
Breakdown of outcomes by method of decision	Monthly
Breakdown of sanctions imposed	Monthly
Referrals to LSO by outcome, case type, method of decision	Quarterly
Complaints upheld by LSO by outcome, case type, method of decision	Quarterly
Results of internal audits	
Results of LSCC audits	
Results of LSCC thematic reviews	

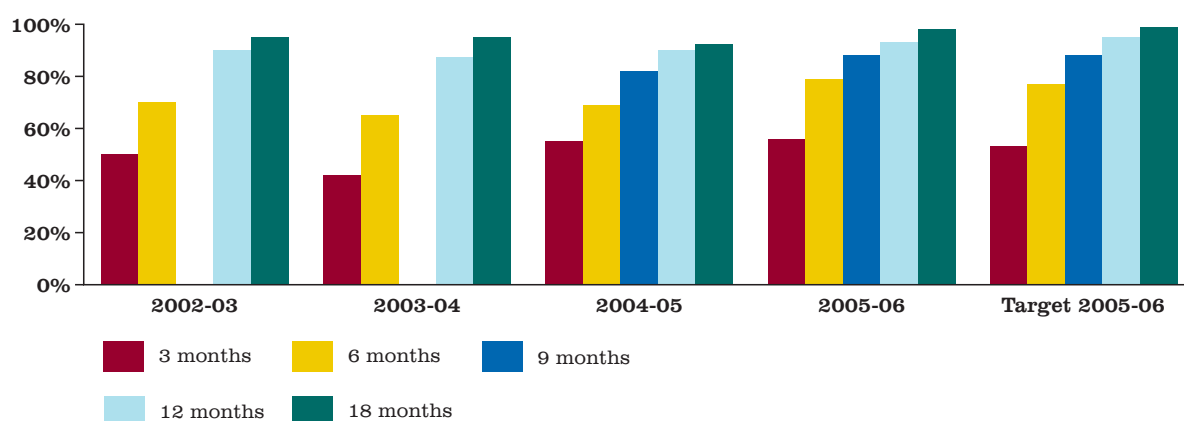
Summary of Law Society's performance during 1 April 2005 to 31 March 2006²⁰

Fig.25 Timeliness – % of cases closed during the period 1 April to 31 March 2006, compared with performance in 2002-03, 2003-04 and 2004-05²¹

Within	2002-03	2003-04	2004-05	2005-06	Commissioner's target for 2005-06
3 months	48%	42%	51%	55%	53%
6 months	73%	65%	72%	77%	75%
9 months	N/A	N/A	83%	86%	85%
12 months	89%	87%	88%	91%	92%
18 months	95%	95%	94%	95%	98%

Note: no 9 months data until Jan 2005²²

Fig.26 Cases received 1 April 2005 to 31 March 2006, including comparison to previous years



²⁰ Source – Law Society performance statistics

²¹ The data shown for timeliness in 2002-03, 2003-04 and 2004-05 has had a rounding element removed that would impact on the overstating of performance as follows: within 3 months by 5% points; within 6 months by 2% points and the remaining targets by 1% point.

²² A 9 month target did not exist until after the Commissioner's appointment in February 2004.

Fig.27 Customer satisfaction performance (rated on satisfaction with service), 1 April 2005 to 31 March 2006, compared with performance during 2002-03, 2003-04 and 2004-05

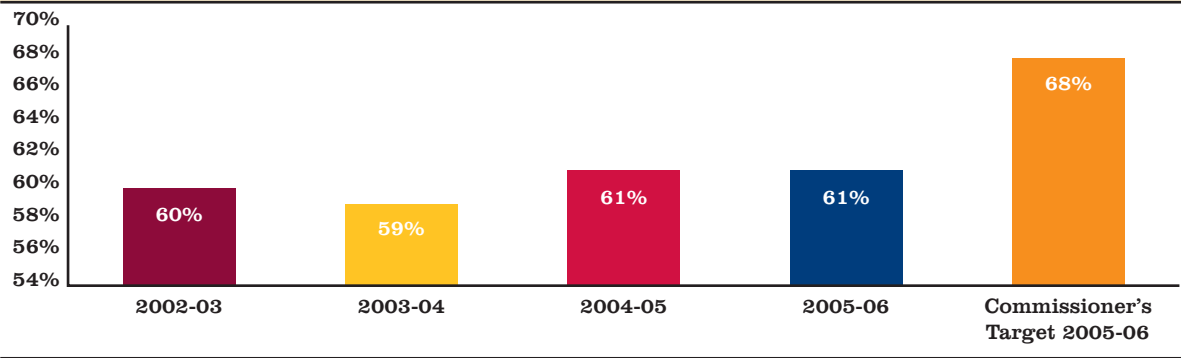
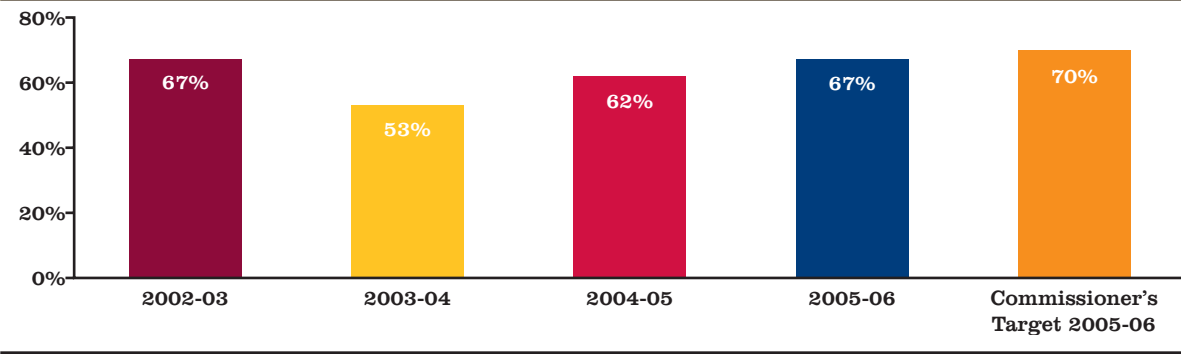


Fig.28 Quality of decisions (LSO satisfaction rating) performance 1 April 2005 to 31 March 2006, includes comparison with performance in 2002-03, 2003-04 and 2004-05



The Law Society's initiatives during 1 April 2005 to 31 March 2006

Details of initiatives	Planned start date	Planned completion date	Stated Aim	Law Society reported progress
CCS/001 Automated Voice Recording	July 2004	November 2005	To enable caseworkers and managers to review telephone calls within CCS for quality and consistency, to identify caseworker training needs and to maintain a record of calls for up to six years.	The software has been installed and calls can now be recorded and maintained for six years. The Law Society has reported it is now monitoring the quality of over 250 calls a month. No evidence yet on its impact on the users of the Law Society's service.
CCS/002 Handling of conduct cases		May 2005	To implement the strategy of separating the different activities of providing redress or resolution to individual consumers on the basis of the assessment of risk.	No evidence yet on its impact on the users of the Law Society's service.
CCS/003 Organisational development		September 2005	Through a system of assessment, training and development, to ensure that the right people, with the right skills are in the right jobs within the CCS and to develop career progression opportunities.	Different levels of caseworker have been introduced on the basis of experience and the level of team support has been increased. No evidence yet on its impact on the users of the Law Society's service.
CCS/004 External customer satisfaction research	Summer 2005	Autumn 2005	To gather data from customers of the CCS concerning their satisfaction with the process for dealing with their complaint, the timeliness of the process and the outcome. To analyse the data to develop policies and procedures in line with customers' views.	The Law Society reported that the research findings did not provide useful information on what improvements could be made to its service.

Details of initiatives	Planned start date	Planned completion date	Stated Aim	Law Society reported progress
CCS/005 Customer service standards and guidelines	September 2004	September 2005	To publish, in straightforward language, service standards, within which CCS will deal with individual components of a complaint.	Customer service standards have been developed and are now available on the Law Society's web site. They are sent out at the outset of a complaint. The Law Society's own internal audits have found only limited improvement in Law Society application of these standards over the year.
CCS/006 Probate complaints handling	March 2004	Ongoing	Conducting a pilot project to explore the cost and benefits associated with accepting probate complaints from clients of solicitors, at the point when they arise, and complaints made by beneficiaries.	This pilot has now been rolled out as business as usual.
CCS/007 Siebel upgrade in the Customer Assistance Unit	Not listed in the Plan	Not listed in the Plan.	Upgrade the Siebel software to ensure the system remains supported by the Society's IT support service.	Upgrade has taken place.
CCS/008 Document management, image handling and workflow	Not listed in the Plan	Not listed in the Plan	To undertake a rigorous cost benefit exercise on the introduction of technology into the CCS which would enable more effective management of data and workflow.	Not completed.
CCS/009 Improving the timeliness of responses from solicitors	July 2005	March 2006	To improve productivity by avoiding the need for caseworkers to pursue solicitors for responses and enhance customer satisfaction through the effective management of expectations concerning the likely time scale for resolving complaints.	The initiative was not implemented quite as stated in the Plan – it focused on raising awareness of the existing response time procedures and developing new training, rather than developing new procedures. No evidence yet on its impact on the users of the Law Society's service.

Appendix 6 continued

Details of initiatives	Planned start date	Planned completion date	Stated Aim	Law Society reported progress
CCS/010 Identifying delay patterns in current processes	May 2005	December 2005	To identify delays in the complaint process, make recommendations for improvement and to implement changes. To carry out a post implementation review to ensure recommendations are working and take remedial action as required.	The Law Society has introduced a number of changes to its processes, for example allocating cases on the basis of age. It reported that these changes reduced unnecessary delay.
CCS/011 Improvements to resource planning and forecasting	Not listed in the Plan	Not listed in the Plan	To assist managers in the CCS to plan resource levels required across the CCS to meet anticipated volumes of complaints.	New resource planning and caseworker management tools have been introduced. No evidence yet on its impact on the users of the Law Society's service.
CCS/012 Improving the quality assurance process	July 2005	March 2006	To identify current weaknesses in the complaints handling and decision making process, to make recommendations for improvement, implement changes and carry out a post implementation review.	Audits have been undertaken of the Law Society's staff against a range of areas.
CCS/013 Linking diversity information to satisfaction ratings	April 2005	July 2005	To review, and where necessary, revise operational policies and procedures in light of trends and to monitor for fairness and non discrimination.	The Law Society has undertaken work to extract information from the feedback forms it sends to its customers, to gather data on satisfaction with its service by age, gender and ethnicity.
CCS/014 Key process reviews	July 2005	March 2006	To define the key processes within CCS and CAI, to identify areas for improvement, to implement changes and to carry out a post implementation review.	The Law Society has introduced a number of changes to its processes, for example developing a tighter control on designation.
CCS/015 Casework system replacement	Not listed in the Plan	Not listed in the Plan	To introduce efficiencies in the handling of complaints and provide complainants with the ability to track and progress their complaint on line.	Not completed.

Advisory Board members

The Advisory Board consists of five members and an associate member. Brief biographies are shown below.



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.



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.



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.



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 judgment, 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. She represented Sally Clark when the Court of Appeal finally cleared Clark of murdering her two sons in 2003.



Michael 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.

Legal Services Consumer Board members

The Consumer Board consists of eight members. Brief biographies are shown below.



Colin Brown – is Director of Market Transformation, in the Consumer Regulation Enforcement Division of 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.



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.



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.



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 Department for Constitutional Affairs.



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.



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.



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.

The Commissioner's Targets and Recommendations for 1 April 2006 to 31 March 2007

Fig.29 The three Strategic Priorities

Strategic Priority 1	Improving the speed with which the Law Society handles complaints.
Strategic Priority 2	Improving the quality of complaints handling by the Law Society.
Strategic Priority 3	Implementing the Law Society's agreed Plan.

The three strategic priorities set by the Commissioner for 2006-07 (Figure above) provide balanced and complimentary objectives covering all complaints handling activity within the Law Society.

The 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 20 cases in the live caseload (all open cases) that have been open for 15 months or more.

Timeliness Target T2

Case closures (all case receipts and cases carried forward from 1 April 2006) during the period 1 April 2006 to 31 March 2007 to be within the profile:

- 57% of complaints within 3 months; and
- 94% of complaints within 12 months.

Timeliness recommendation T/R1

The Law Society currently has delays in its 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 the Law Society 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

In 80% or more of cases closed after 1 April 2006 and 6 months and over, consideration and or award of special payment must be in line with the relevant Special Payment policy guidance and evidenced on the file.

Quality Target Q2

Of those cases audited by OLSCC, 80% or more of complaints receiving a substantive response on or after 1 April 2006 are within 60 calendar days of receipt (as identified from the date of the substantive response. Substantive is defined as: at the point the substantive response is made, it 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

Of those cases audited by OLSCC, 80% or more of consumers are contacted at least every 30 days during the life span of the case. (Contact is defined as a telephone call, letter, email, fax and face-to-face that updates the consumer and progresses the matter. For those cases carried over at 1 April 2006, the life span of the case will be counted as any period from 1 April 2006). 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 the Law Society for example, a change of caseworker, but which in itself does not progress the matter.

Quality Target Q4

Of those cases audited by OLSCC, in 80% or more of cases where the matter progresses to conciliation or reasonable offer made (ROM), on or after 1 April 2006, the Law Society must share at an appropriate stage the indicative awards guidance and ROM guidance (where the ROM process is being followed) either in writing or orally, and if orally a note made on the file as to the detail provided 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 client (as identified from first substantive response and defined in Quality Target Q2 above).

Quality Target Q6

73% or more of referrals to the Legal Services Ombudsman in which the LSO upholds the handling of the case by the Law Society.

Quality recommendation Q/R1

At present the Law Society has time scales for the adjudication of cases, but no clear time scales for the completion of adjudication reports by the case worker. The Law Society's customer service standards guidance for staff should include a time scale 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. The Law Society 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

The Law Society 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

The Law Society currently operates a temporary closure policy. The OLSOC benchmarking study found that no other organisation consulted operated a temporary closure policy. When a case is reopened 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 the Law Society when reopened it is a new case, for the consumer this is an ongoing issue. The Law Society has itself recognised that the temporary closure policy could cause confusion to consumers. The Law Society should cease its policy on temporary closure.

Quality recommendation Q/R6

It is noted that the Law Society itself has 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 the Law Society under Rule 15 where a firm has not taken the necessary action. The Law Society 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. It should then share

with the Commissioner its findings and proposed actions to improve this in order to provide an effective service to consumers and help reduce the volume of complaints it receives.

Delivery of the Plan Target P1

The total budget to support the delivery of the Law Society's 2006-07 complaints handling Plan is fully utilised in accordance with the Plan.

Delivery of the Plan Target P2

All resources (including staff, outsourcing, Local Conciliation Officers) to support delivery of the Law Society's 2006-07 complaints handling Plan are fully utilised in accordance with the Plan.

Delivery of the Plan Target P3

Priority initiatives to support the delivery of the Law Society'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.

Delivery of the Plan Target P4

Progress against the Law Society's 2006-07 complaints handling Plan, targets and supporting Key Performance Indicators is reported to the Commissioner by the 15th of each month (to be agreed for the Commissioner's monthly performance report during 2006-07).

Key Performance Indicators for 1 April 2006 to 31 March 2007

Fig.30 Target Strategic Point 1 – Improving the speed with which complaints are handled by the Law Society

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 information 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, shown separately for new receipts and transferred 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 help line and written enquiries received and closed.	Monthly

continued over

Appendix 10 continued

Fig.31 Target Strategic Point 2 – Improving the quality of complaints handling by the Law Society.

Ref	Title	Frequency of Law Society reporting
Quality KPI 1	Number of and average size of special payments made by the Law Society.	Monthly
Quality KPI 2	From the Law Societies internal audit, 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 (timing of MI data to be agreed with the OLSCC).	Audit
Quality KPI 3	Number and percentage of complaints acknowledged within 5 working days of receipt (as identified from date of receipt of complaint letter and date of acknowledgement letter).	Audit
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 identified from the first letter to the consumer following allocation).	Audit
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 (the closure letter contains the information as listed).	Audit
Quality KPI 6	Number and percentage of cases where heads of complaints are correctly identified and addressed with the solicitor (as identified from first substantive contact and or formal letter).	Audit
Quality KPI 7	Number and percentage of cases where heads of complaints are correctly identified and addressed at case closure (as identified from closure letter).	Audit
Quality KPI 8	Number and percentage of referrals to LSO by Law Society outcome.	Monthly

Fig.31 Continued. Target Strategic Point 2 – Improving the quality of complaints handling by the Law Society.

Ref	Title	Frequency of Law Society reporting
Quality KPI 9	Number and percentage of complaints by Law Society outcome and LSO decision type, split by CCS and CAI.	Monthly
Quality KPI 10	Number, percentage and type of sanctions imposed by Solicitors Disciplinary Tribunal.	Monthly
Customer Service KPI 11	Number and percentage of consumers satisfied with service.	Monthly
Customer Service KPI 12	Number and percentage of consumers satisfied with outcome.	Monthly
Customer Service KPI 13	Number and type of complaints about the Law Society handled under the internal Law Society Complaints procedure.	Monthly

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Legal Services Complaints Commissioner

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