

BUSINESS PLAN
2022/23



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All figures in this Business Plan reflect January 2022 forecasting, with actual figures up to and including December 2021.

Chair's introduction



Elisabeth Davies | Chair, Office for Legal Complaints

Toward a thriving, effective Legal Ombudsman

Ombudsman schemes operate around the world, across many different markets and sectors. They are widely recognised for their ability to resolve disputes with impartiality, but minimum formality, providing a trusted, accessible alternative to the courts.

A thriving and effective Ombudsman has an impact in its sector beyond the resolution of individual complaints. It addresses inequalities between service providers and customers who may be subject to detriment but less likely to challenge and complain. It provides advice and signposting to the public. And it shares insight that can bolster the quality of service, and confidence, in the sector it covers.

Legal services occupy a uniquely important part in our lives: accessed at the point of significant transitions or transactions with potentially life-changing consequences. If something goes wrong, the Legal Ombudsman must be ready to provide a trusted, impartial resolution – and vitally, to do so within an acceptable timeframe.

About this Business Plan

This 2022/23 Business Plan has at its heart a roadmap for reaching a level of performance that is both acceptable – meeting the expectations of legal service users and providers – and sustainable. This is the bedrock of our clear vision of transformation. Our customers should expect nothing short of a first-class experience with the Legal Ombudsman.

By March 2024, our roadmap will see complainants and service providers waiting 4 to 6 weeks for their case to be accepted for investigation. It will see the Pre-Assessment Pool – essentially, where cases wait before they are investigated – removed altogether in 2024/25. Ultimately, this will mean a 90-day average turnaround for most cases.

There is much work ahead. Introducing our 2022/23 Business Plan consultation, I said it was essential that the Legal Ombudsman, the Board of the Office for Legal Complaints (OLC) and our stakeholders understood the causes of the problems we were facing, along with the radical and pressing actions needed to address these.

The consultation was transparent about how things stood – including that the first year of a two-year recovery journey had not delivered the necessary change. It is clear from stakeholders’ responses that this transparency was welcome, and also that confidence in the Legal Ombudsman’s leadership has greatly improved. Less certain in some stakeholders’ minds was how far the recovery trajectory is deliverable, given the scale and nature of the challenges in hand.

As 2021/22 closes, we now have a better sense of the position in which we enter this second year of the journey – and the shift in gear that is required to achieve our vision.

We’ve made clear that we don’t want to overpromise and underdeliver. However, stakeholders should have confidence not only in this Business Plan’s scope and ambition, but that it is credible, costed and realistic.

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The OLC’s own confidence is rooted in its scrutiny of the forecasts and assumptions underpinning it. We’ve given particular focus to a core area of concern that has undermined LeO’s progress this year: how the Legal Ombudsman can recruit and retain highly skilled and motivated people, as the key to every customer outcome. This plan explains the significantly improved picture that has developed since the consultation period in respect of the Legal Ombudsman’s central challenge of resourcing.

We have sought a level of funding that is realistic and necessary to deliver the outcomes we need to realise our vision of a thriving Legal Ombudsman. While our plans of course incur a cost to service providers, the OLC and the Legal Ombudsman have responded to the call to do more with existing resources; and the 2022/23 budget reflects an effort to do that. The OLC has also sought assurance that the 2021/22 budget underspend won’t be repeated; this plan explains why this is the case.

Moving forward

Looking ahead, effective and proactive risk-management is more important than ever. The OLC will continue to run a tight assurance process, with a specific focus on the Pre-Assessment Pool reduction. Although uncertainties relating to Covid-19 have not subsided completely, the Legal Ombudsman’s assumptions are being regularly monitored and adjusted with the OLC’s oversight.

Importantly, the conversation with the OLC and Legal Ombudsman’s stakeholders doesn’t end with the publication of this Business Plan. As it is put into action, lines of

communication remain open – including through the Challenge and Advisory Group, which has already provided welcome feedback and valuable insight.

While there is hard work before us, we start 2022/23 from a solid foundation and with a clear vision. We maintain our commitments to change and transparency – and to showing the difference that the Legal Ombudsman can make.

Chief Ombudsman's introduction



Paul McFadden | Chief Ombudsman

Making a step-change

2022/23 represents a key year for the Legal Ombudsman in our journey towards sustainable acceptable performance.

The Legal Ombudsman's Business Plan for 2021/22 set out a two-year improvement trajectory for delivering recovery and stability – with a focus on investment in new people and new ways of working in 2021/22, leading to incremental growth and improved performance in 2022/23.

Our progress in 2021/22 has not been linear. But we are halfway through this recovery journey and have laid the foundation for this investment in people and new ways of working to deliver in 2022/23.

In our 2022/23 Business Plan consultation, we set out the action we had taken so far, which had already made a difference to key outcomes for legal service users and providers. We acknowledged that we still had work to do to reduce our Pre-Assessment Pool (PAP) – and secure a sufficient improvement in customer experience – at a pace that reflected the urgency of the situation. We set out a range of proposals for how we would continue to deliver that improvement, and to do everything in our power to transform LeO more quickly.

This Business Plan sets out the step-change we will deliver in 2022/23, which will see us reach historic levels of performance, leading to an acceptable and sustainable level – one that matches customers' needs and expectations – by 2024 . We will deliver a significant reduction in the Pre-Assessment Pool and a clear path to removal of that PAP to a working level. We will see an improved customer experience and a substantial reduction in both customer journey time and unit cost.

Through changes to the legal framework and our processes, we will further transform and rebalance the service that the Legal Ombudsman provides to one that is more proportionate and focused on delivering appropriate redress at the earliest point possible.

This is rightly an ambitious plan but it is one that is based solidly on the investment – in change and people – that we made in 2021/22 and that we will continue to make through 2022/23.

There are, of course, risks inherent in the delivery of a plan of this scale. We are alert to this, and have planned and mitigated for them where possible, but this plan will be affected by any disruptive shocks which produce further significant cost increases – such as as-yet unanticipated developments in the Covid-19 pandemic or greater than forecast inflationary pressures.

We also now know more than we did this time last year about the nature and extent of our challenges and how to address them. 2021/22 has proven to be a year of discovery as well as one of change and focus on delivery. Our plans are not only built on credible forecasts and assumptions – regularly and robustly challenged and tested as part of the OLC’s oversight – but rooted in the insight we’ve gained and the progress we’ve already made.

- 90% Proportion of original 2021/22 Business Plan case closure target that LeO will achieve

- 34% Increase in case closures between 2020/21 and 2021/22, with a monthly average 20% less investigator resource than the original assumption

- 16% Reduction in investigation time between the start of 2021/22 and 2021/22 year to date

People and investigations: The foundation of our success

Stakeholders told us that radical options should be on the table. But it’s clear they want further assurance we can deliver – and in particular, that we can and will unlock the resourcing challenges we’ve faced.

I’ve always been clear that LeO’s success depends first and foremost on our people. This is reflected in **Priority One** of our Business Plan which remains the bedrock of our delivery of improved performance.

In 2021/22 LeO performed significantly better than in 2020/21, seeing a marked rise in output with less resource whilst also delivering successful process change. We delivered 90% of our Business Plan forecasts in terms of closures. But being under-resourced by some 15% directly impacted our ability to make the scale of change we needed to see. Without the required people, we could not deliver the improved performance we set out to. We also continued to feel the impact of Covid-19 on our staffing.

In the second half of the year, our national recruitment approach successfully changed the outlook. LeO begins 2022/23 with a full complement of investigators, who will reach full productivity in the year ahead. We have also maximised the success of this

campaign to recruit early to replace assumed attrition for the first half of 2022/23, bringing a degree of stability that has been absent in previous years.

We also committed to tackle variation in performance. This work has already delivered improvements, and we carry this momentum forward into the new year.

“Investigation remains core to delivering our trajectory – and stakeholders can have confidence that this isn’t simply an aspiration, but a realistic plan based on clear, realistic assumptions and resource we have in place.”

In 2022/23 investigations will account for three-quarters of our forecast total case closures. This is a lower proportion than in previous years, as we move towards more proportionate, informal resolutions. But investigation remains core to delivering our trajectory – and stakeholders can have confidence that this isn’t simply an aspiration, but a realistic plan based on clear, realistic assumptions and resource we have in place.

At the same time, we’ll need to maintain our focus on attracting and retaining the best people, ensuring both our culture and offer supports our ambition that LeO is seen as a great place to work.

Going further: Radical action and transformation

With our people as the foundation, this Business Plan outlines, under **Priority Two**, the significant additional action we’re taking to transform LeO.

These interventions reflect our commitment to achieving better-balanced, more proportionate, complaints resolution. Taken together, they mean legal service users and providers will get the input they need from us within a substantially shorter timeframe.

In 2022/23 we’ll progress our successful early resolution work, and LeO customers will continue to feel the benefit of this and proportionality initiatives, the new General Enquiries Team investigator role and other front-end interventions. The principle of giving the right answer as early as possible applies equally to situations where the outcome we reach is the one the consumer was hoping for, and those where it is not, but nonetheless helps them to draw a line and move forward.

We’ll also urgently pursue even more radical options, including changes to the OLC Scheme Rules which we are currently consulting on. While not included in the forecasts and projections you will see here, these will allow the Legal Ombudsman to deliver an even more balanced approach to redress and quicker, more agile customer

experience whilst retaining the core benefit of accessing independent and fair legal redress.

We know that our priority is reducing the PAP and improving the customer journey and stakeholders have continued to tell us that loud and clear. That continues to be the number one priority focus and common purpose of all at the Legal Ombudsman.

However, our plans under **Priority Three** – using our experience to improve legal services and prevent complaints arising – is an essential part of our work and who we are as an Ombudsman service, and will ultimately help manage future demand for LeO's service. I remain committed to building on the work we already do in this area, including through greater transparency and sharing of the invaluable learning from the complaints that we investigate and resolve.

“Over the two-year recovery plan we are committing to deliver 6% more case closures for 2% less budget against what our 2021/22 Business Plan said we would do.”

We have heard stakeholders concerns about the cost of delivering this redress system and we absolutely recognise the pressures on legal services providers. Our plans do come at an additional cost, but these costs are either directly traceable to delivery of customer outcomes or unavoidable known inflationary costs that we are unable to absorb.

We have minimised costs and made savings in all other areas of the business to support this. Over the two-year recovery plan we are committing to deliver 6% more case closures for 2% less total cost against that originally set out in our 2021/22 Business Plan.

Why it matters

People engage with legal services at challenging or emotional times. Each case referred to the Legal Ombudsman, including those currently in our PAP, is a real-life problem that needs a swift resolution. A thriving LeO really matters – not only to individual legal service providers and customers, but to a thriving legal services sector.

I am grateful for the confidence and support stakeholders have expressed in the direction we are taking. We at the Legal Ombudsman know the extent of the challenge before us over the coming years. We start 2022/23 with the determination, resilience and confidence that we will deliver. Our direction is clear and we are on course to deliver the redress system that complainants and service providers deserve.

Overview

Our Business Plan priorities: Summary

Priority One: Support our people to perform at their best

We will build on the progress we made in 2021/22 to stabilise performance, and support our people to deliver a step-change in performance across the year. We will ensure we have the flexibility to attract, retain and develop the highly skilled and motivated people we need. We will deliver our People Strategy: a comprehensive review of HR strategies and frameworks that will ensure we have the tools in place to be and be seen as a great place to work.

Priority Two: Deliver improvements to streamline handling of complaints and deliver a more proportionate service focused on early resolution

We will build on the significant progress we made in 2021/22 in delivering new ways of working and more effective ways to achieve the early and proportionate resolution of complaints. We will mainstream the benefits of our pilot projects and continue to implement other new innovations and improvements; seek sustainable transformative change through a Scheme Rules review; and consider options to address increases in demand through outsourcing. As we look to change how we work, our strong oversight processes will ensure LeO remains accessible to everyone who needs our service.

Priority Three: Develop learning and insight mechanisms to increase impact of work and support improvements in the sector for providers and consumers

We will build on the progress we made in 2021/22 to build the internal structures we need to generate learning and insight, and the mechanisms to provide feedback to service providers at the point at which it is needed. While both we and stakeholders recognise the importance of this work, the greatest proportion of our focus will continue to remain on our operational performance.

Our Business Plan in numbers

What we achieved in 2021/22	What to expect in 2022/23
<p>90%: Proportion of original 2021/22 Business Plan case closure target that LeO will achieve with an average of 86% of the established investigators originally anticipated</p> <p>49%: Reduction in customer journey time for cases resolved by early resolution (142 days), compared with those investigated (277 days)</p> <p>34%: Increase in case closures between 2020/21 and 2021/22, with a monthly average 20% less investigator resource than the original assumption</p> <p>16%: Reduction in investigation time (once taken from the PAP) between the start of 2021/22 and 2021/22 year to date</p> <p>89 days: Average time to investigate low complexity cases (accounting for 67% of all cases with LeO) once taken from the PAP</p> <p>45 days: Investigation time in our General Enquiry Team pilot, against 91 days outside the pilot</p> <p>16%: Increase in established investigator average productivity from 2020/21 (4.28 vs 5.11 per month)</p> <p>66%: Proportion of medium and low complexity cases resolved within our customer journey time target</p> <p>15%: Proportion of high complexity cases resolved within our customer journey time target (93 cases)</p>	<p>10,244: Number of complaints LeO will resolve</p> <p>39%: Increase in case closures compared with 2021/22</p> <p>29%: Reduction in waiting time in the PAP compared with 2021/22</p> <p>33%: Increase in full-time investigator resource at 1 April 2022 compared with 1 April 2021</p> <p>1,000: Minimum expected cases removed from the PAP through early resolution initiatives – 2,000 when including proportionality</p> <p>50%: Reduction in volume of customers waiting in PAP by March 2023</p> <p>Q1 2022/23: Point at which case closures begin to exceed demand</p> <div style="text-align: center; background-color: #e91e63; color: white; padding: 5px; margin: 10px 0;">Looking further ahead</div> <p>120 days: Approximate average customer journey time for 60% of cases with LeO by March 2024 (90 days plus 30 days or one month in the PAP)</p> <p>90 days: LeO's ambition for the average customer journey time for most cases by 2024/25, with the PAP reduced to a working level</p>

2022/23 Business Plan priorities

This section sets out:

- The strategic context of this 2022/23 Business Plan.
- The progress we made in 2021/22.
- An overview of what we expect to deliver in 2022/23.
- Further detail about our activities under each strategic priority.

Strategic context

This Business Plan sits within the context of our three-year strategic framework. 2022/23 is the third year of the 2020-23 corporate strategy period, working toward the following strategic objectives.

Vision: Our work builds genuine confidence in legal services in England & Wales

Mission: To be an independent and impartial ombudsman service providing reassurance and redress while constructively challenging the legal sector to improve

Strategic objectives

Improving the experience of our service for complainants and service providers while using our expertise to guide and add value to the complaints journey

Increasing the transparency and impact of our casework to support greater access to justice

Developing our service to ensure it is appropriate for the evolving legal sector

2022/23 Business Plan priorities

1. Support our people to perform at their best

2. Deliver improvements to streamline handling of complaints and deliver a more proportionate service focused on early resolution

3. Developing learning and insight mechanisms to increase impact of work and support improvements in the sector for providers and consumers

Update since mid-year review

Since reporting on our mid-year progress as part of our consultation, the Legal Ombudsman has made further progress in improving our performance – resulting in a number of key developments and improvements in the customer experience. This includes taking urgent action to effect change in areas which are not wholly within our control.

This means LeO begins 2022/23 in a strong position to deliver on its ambition to deliver a step change in performance – and to reach and sustain a level of service that meets customers’ and stakeholders’ expectations:

- **LeO will deliver 90% of the 2021/22 Business Plan year-end closures** by the end of March 2022 with an average of 86% of the established (12+ months in post) investigators originally anticipated.
- **LeO will begin 2022/23 with a full complement of investigators**, in contrast to the position in 2021/22, and will maintain this level of resourcing into the new year. This follows our work with a national recruitment partner, which attracted almost 900 candidates for 38-43 vacancies; offers have been made not only to fill existing vacancies, but to anticipate attrition in Q4 2021/22 and Q1 and 2 2022/23.
- **Productivity has increased:** across 2021/22 established investigators have achieved an average productivity level of just over 5 cases per month – and reaching a peak of 7 cases in the second half of the year when early closures are included.
- **Investigation times have continued to fall** and were 16% lower than at the start of 2021/22.
- **Our General Enquiries Team investigator (GETI) pilot has brought substantial improvements** to customer service and efficiency at the front end. Sampling suggests total investigation time of 45 days, less than half the 91 days for a case without GETI involvement. This is a new role created to provide investigation-ready files and resolve low-complexity cases at an earlier stage.
- **We have seen a steady increase in the number of cases being taken from the PAP** as new investigators become more productive and take on more cases.
- **We are consulting on changes to our Scheme Rules**, aimed at ensuring we can progress and resolve cases more quickly and proportionately and at as early a point as possible – reflecting our commitment to embrace the opportunity for fundamental changes to our Scheme.
- **We are maintaining a fully transparent and open dialogue around our performance** through an Agreed Data Set. This is further supported through the development of a Challenge and Advisory Group, which allows stakeholders a greater level of opportunity to understand and scrutinise our progress.
- **We have developed a Specialist Law Team** for probate and personal injury cases. The build-up of increased knowledge, consistency in approach and an

upskilled team will contribute to customer experience and allow for feedback to the sector.

- **We have engaged with our people**, listening to their ideas and suggestions, scoping and testing new ways of working to speed up outcomes for customers, and simplifying business process, releasing time which our people can then invest in operational delivery. This signals a culture change.
- **Our people’s rating of leadership and managing change rose 20 percentage points** in our latest People Survey, compared with a 2019 baseline – the most improved area.

Our trajectory to sustainable acceptable performance

Our full investigator complement alone will deliver three-quarters of our anticipated case closures in 2022/23 – with additional interventions resulting in further reductions in our PAP and improvements in customers’ experience of LeO. **Chart 1** shows our forecast trajectory to the end of 2023/24. **Charts 2 and 3** show how each of our PAP reduction activities will contribute to case closures across 2022/23 and 2023/24. There is more detail about these activities on pages 23-25 and in Appendix B.

The progress we have made, taken together with the range of interventions we have taken or set in train, means we have a high degree of confidence that this Business Plan’s objectives are credible and realistic, representing improvement that is deliverable within the timeframe we have set out.

Chart 1

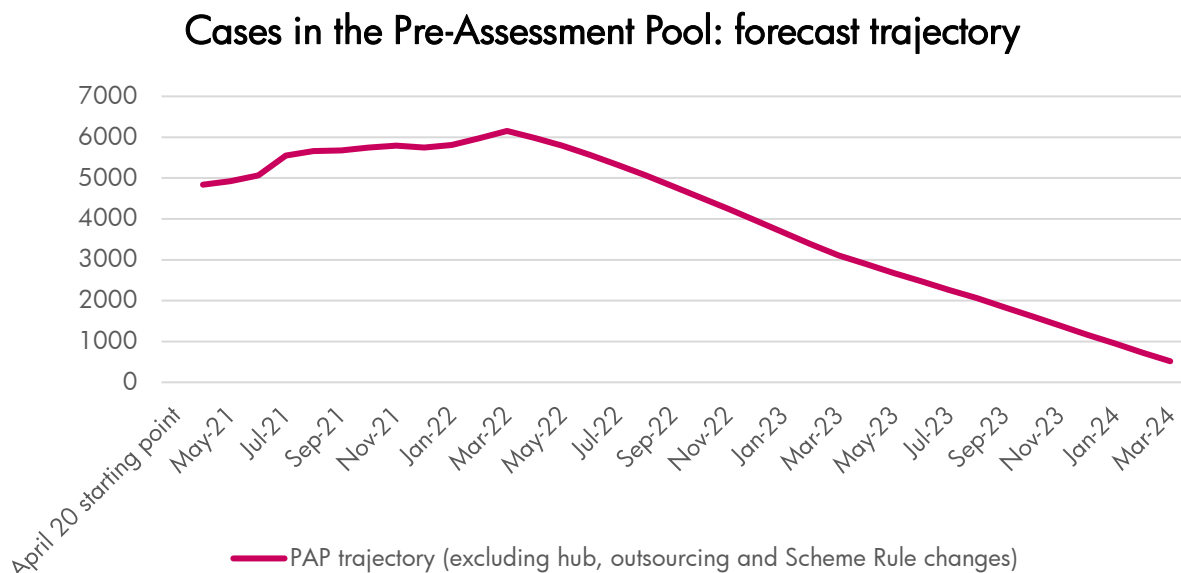


Chart 2

Impact of PAP reduction activities in 2022/23

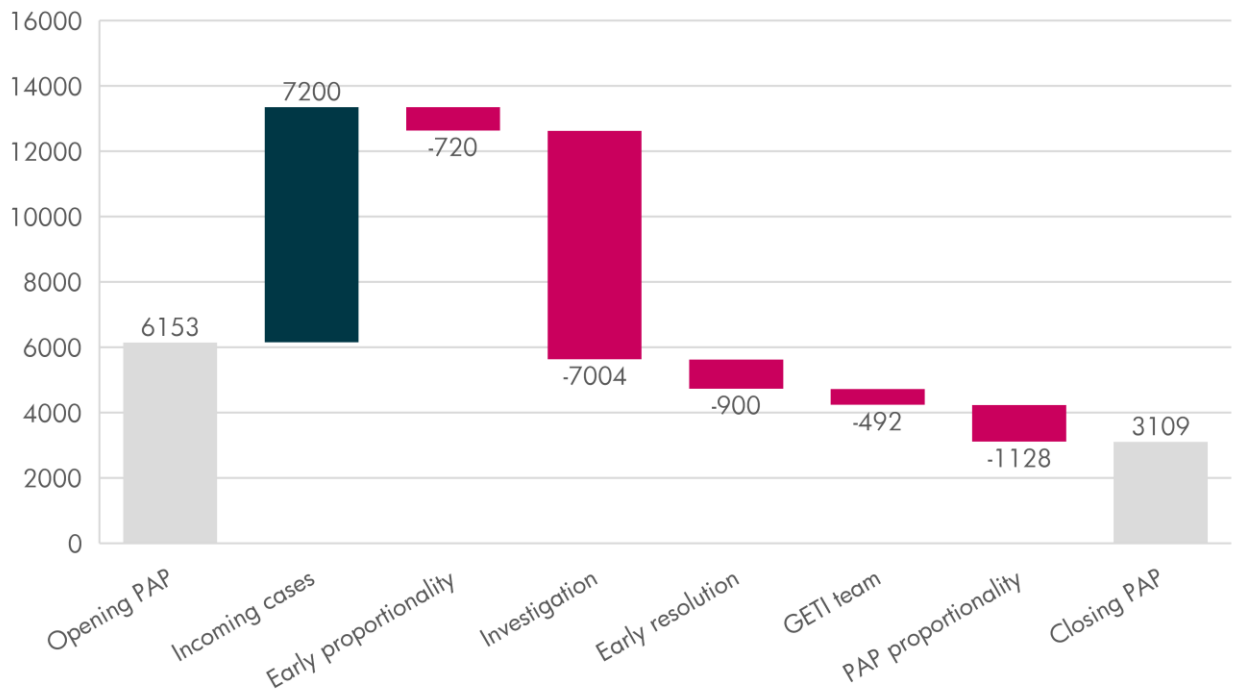


Chart 3

Impact of PAP reduction activities in 2023/24



With highly skilled and motivated people in place, and changes to our ways of working, a step-change in performance will be delivered across 2022/23 and maintained in 2023/24. Based on our current assumptions and forecasts:

- **2022/23** will see an increase in total case closures to 10,244 – 39% more than the forecast volume for 2021/22. This is the key turning point in reducing the PAP and starting to reduce customer journey times.
- **By the end of 2023/24**, LeO's overall output will be 9,708 case closures. This is over double the rate achieved in 2020/21, and an historic level for LeO.
- This will deliver a PAP of between 500 and 1,000 cases **by March 2024**. This would see LeO being at, or close to, a one-month working volume in the size of its PAP.
- **By March 2024**, complainants and service providers will only be waiting for around 4 to 6 weeks for cases to be accepted for investigation.
- **By March 2024**, over 60% of LeO's cases will be dealt with end-to-end in an average of around 120 days (90 days plus 30 days or one month in the PAP).
- Based on these levels of performance and reduction in the PAP, LeO's forecasts show that the **PAP will be reduced to a working level in 2024/25**. Our ambition is that this will result in an average 90-day turnaround for most of LeO's cases.
- With greater levels of early resolution and proportionality, average **overall customer journey times will continue to reduce** at significant rates.
- This will also bring in time a **reduction in unit cost** (cost per case). As the volume of cases handled and resolved increases, underlying costs will remain stable or increase at a far lesser rate than the growth of closures. More cases closed, with high numbers of cases closed significantly earlier in the process, will result in a lower unit cost.

What we expect in 2022/23

We anticipate that case closures will increase early in 2022/23, continuing to increase to historic high levels during the year as new teams come to productivity and new ways of working continue to deliver.

Case closures will begin to increase in Q1, as the gap between in-post FTE and budgeted FTE is bridged. The positive impact of new teams of investigators recruited through 2021/22 is a crucial element of this. New teams will be trained through an improved induction and onboarding process, which will support them to reach productive levels in 2022/23 more quickly than previously expected. The aim is for new investigative teams to become productive quickly, with both new and existing teams being retained and supported to maximise their performance. We also anticipate closer performance management will result in an increase from 5 to 5.8 case closures each month.

As we increase closures and continue to reduce the PAP, this will have a positive impact on customer journey time. The forecast indicates that with budgeted FTE in post and increased productivity, the wait time in the Pre-Assessment Pool will reduce by the end of 2022/23 by 29% in comparison to our final projected position in 2021/22.

Further reductions in the overall customer journey time are possible: for example, by increasing early resolution closures and the proportionality of investigations, and if investigations continue to be completed more efficiently.

Chart 4 shows the impact of different types of PAP reduction activity in terms of how many case closures they will have accounted for across the most recent financial years. The substantial majority of closures relate to our investigation teams, which will be at full complement going forward. **Chart 5** gives a month-by-month view of 2022/23.

Broadly, early resolution includes a range of interventions designed to prevent the need for a lengthy investigation; early proportionality involves looking to resolve new cases as soon as they are added to the PAP; and PAP proportionality involves looking to resolve cases that are already in the PAP. See pages 23-25 and Appendix B for more information about these initiatives.

Chart 4

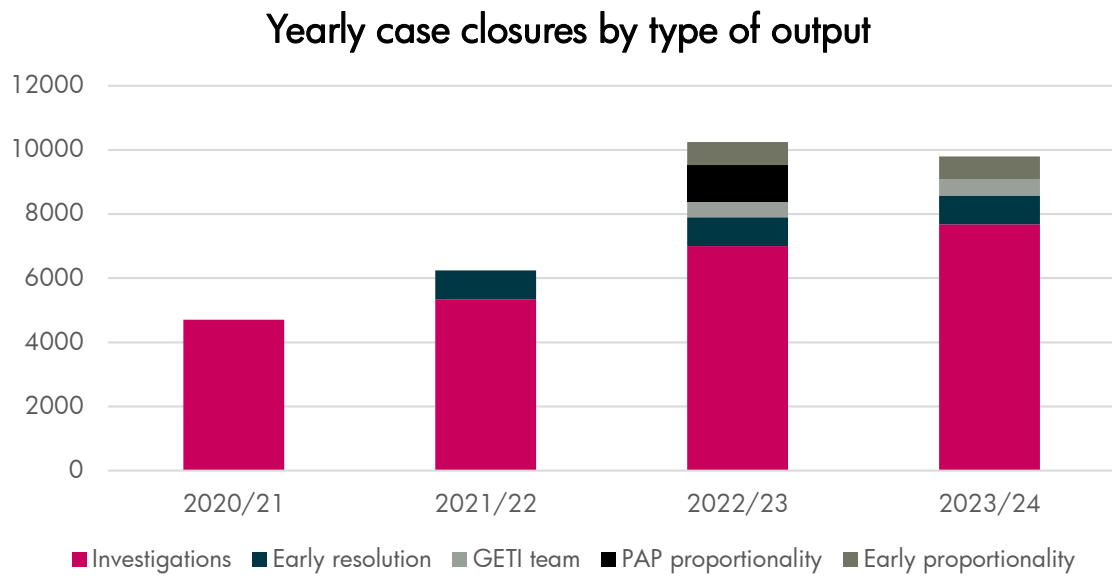
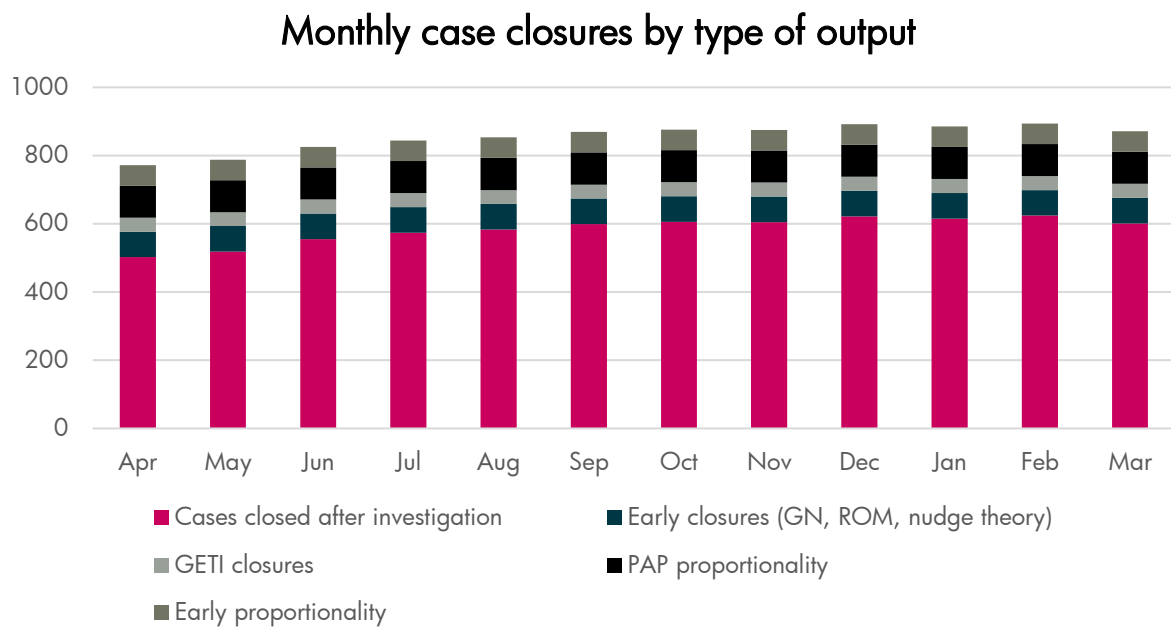


Chart 5



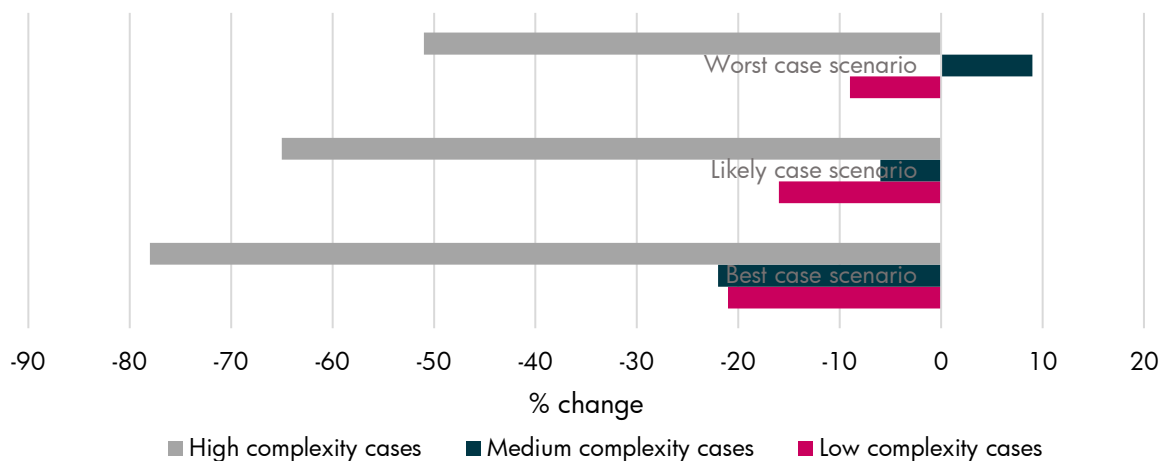
Based on these outcomes, we expect a substantial reduction in customer journey times during the year. **Chart 6** shows that we expect a reduction in time across our best, likely and worst-case scenarios, with the exception of medium-complexity cases which would take longer in our worst-case scenario.

As at February 2022:

- Just over half (51.2%) of cases in the PAP are low complexity, just under half (47.6%) are medium complexity, and 1.1% are high complexity.
- 3 areas of law account for over half (53%) of the PAP: residential conveyancing (29.3%); wills and probate (14.5%); and personal injury/medical negligence (9.6%).

Chart 6

Estimated reduction in customer journey time in 2022/23



The rest of this section outlines the key activities and expected outcomes of the Legal Ombudsman’s work under each Business Plan priority – including the interventions set out in this overview.

Information about how the Legal Ombudsman will ensure it stays on track with delivering its priorities is set out in the chapter **Measuring and reporting on performance**.

Appendix B sets out in more detail the key interventions we are putting in place, their anticipated impact, and the degree of confidence we currently have in their delivery.

Priority One: Support our people to perform at their best

We will build on the progress we made in 2021/22 to stabilise performance, and support our people to deliver a step-change in performance across the year. We will ensure we have the flexibility to attract, retain and develop the highly skilled and motivated people we need. We will deliver our People Strategy: a comprehensive review of HR strategies and frameworks that will ensure we have the tools in place to be and be seen as a great place to work.

Areas of focus	Expected outcomes
<ul style="list-style-type: none"> ▪ Attracting and retaining highly skilled and motivated people, supporting organisational stability. ▪ Developing our people. ▪ Addressing performance variation. 	<ul style="list-style-type: none"> ▪ Increasing the levels of case closures to historic high levels. Forecast average above 700 closures per month with the addition of early resolution closures. ▪ Delivery of the People Strategy. ▪ Reduced attrition and improving on 2021/22 average of 2.3/month, creating a greater level of stability and supporting overall organisational performance. ▪ Moving LeO from being a single site business to a national employer.

LeO recognises it must be able to recruit and retain highly skilled and motivated people, which means being seen as a great place to work. We want our people to be engaged by the reward, recognition and development opportunities we offer; committed to delivering an excellent service to our customers; adaptable to change; and champions of equality, diversity and inclusion. Delivery of these aims will be through our new People Strategy, which cuts across all our areas of focus.

Attracting and retaining highly skilled and motivated people

In the second half of 2021/22 the Legal Ombudsman made significant progress in recruiting new investigators – meaning we will begin the new business year with a full complement, and having anticipated attrition into the new year. In 2022/23 the Legal Ombudsman will:

- Continue to invest in recruitment, onboarding and training new investigators, ensuring we do so in a responsive, nurturing way which will drive lower early attrition and help people reach their best performance at an earlier stage.
- Support line managers who will be leading a changed workforce, where the balance between new and established investigators will be almost 50/50 and bring new leadership challenge and opportunity.
- Learn the lessons from the attrition and exit data, alongside the pay benchmarking research to better understand what is needed for an attractive pay and benefits employee proposition.
- Build on existing employee engagement mechanisms, supporting our aim of creating an engaged and inclusive culture – building on the results of our most recent People Survey.
- Continue to actively promote health and wellbeing through a range of wellbeing initiatives and engagement activities, including support from our Wellbeing Champions, our Employee Assistance Programme, workshops, 'Buddy Circles' and the development of an ongoing wellbeing programme.
- Following the appointment of an Equality and Diversity Manager, develop a strategic approach to Equality, Diversity and Inclusion and embed it within our plans and priorities – with the aim of ensuring LeO is a diverse and inclusive employer, and supporting our people's wellbeing and performance.
- Work with governance partners to remove the barrier to outsourcing elements of casework and allow greater flexibility of approach.
- Develop a more agile approach to deploying people to priority areas.
- Develop a wider attraction and retention strategy for the whole organisation.
- Shift from being a single location business to a more dynamic location strategy including the use of a pilot hub model, learning from the impact of hybrid working and national recruitment. This has the potential to support learning and development, coaching and collaboration – as well as reducing property costs.
- Investigate locations where the Legal Ombudsman's terms are competitive and target those areas for potential hub locations – diversifying from a single-site office, and exploring the use of MoJ estate.

Developing our people, including addressing performance variation

The Legal Ombudsman is in the process of developing a new People Strategy, underpinned by key policies and frameworks. As part of this work, or to complement it, in 2022/23 the Legal Ombudsman will:

- Implement the Performance Management Framework we developed in 2021/22. This will help us to address variation in performance where necessary, but also to recognise and reward excellence, support employees' development and aspirations and ensure succession planning.
- Develop and implement a new Competency Framework, setting out what we expect of our people in different roles and at different levels.

- Continue to focus on addressing performance variation in our operations teams, supported by the Performance Management and Competency Frameworks set out above.
- Work to develop career pathways that facilitate progression, following a review of job descriptions in 2021/22.
- Identify training needs and skills gaps across the organisation to inform future development programmes.
- Develop a talent management and succession planning strategy.
- Develop leadership development programmes to create excellent leadership and management capacity.
- Continue to develop the “Grad Bay” approach, so that new operational staff are fully inducted and supported and move to full productivity as early as possible.

Priority Two: Deliver improvements to streamline handling of complaints and deliver a more proportionate service focused on early resolution

We will build on the significant progress we made in 2021/22 in delivering new ways of working and more effective ways to achieve the early and proportionate resolution of complaints. We will mainstream the benefits of our pilot projects and continue to implement other new innovations and improvements; seek sustainable transformative change through a Scheme Rules review; and consider options to address increases in demand through outsourcing. As we look to change how we work, our strong oversight processes will ensure LeO remains accessible to everyone who needs our service.

Areas of focus	Expected outcomes
<ul style="list-style-type: none"> ▪ Mainstreaming Pre-Assessment Pool pilot projects. ▪ Early resolution and proportionality. ▪ Making the most of technology. ▪ Review of the Scheme Rules. ▪ Outsourcing and partnerships 	<ul style="list-style-type: none"> ▪ Minimum decrease in the pre-assessment pool of 1,000 customers as a result of tested early resolution initiatives, or at least 2,000 when including proportionality. ▪ Reduced customer journey times, following a 48% reduction from new initiatives in 2021/22. ▪ Completed and, if appropriate, implemented Scheme Rules review, potentially contributing to delivery of a more efficient and proportionate approach to the resolution of complaints later in 2022/23 and into 2023/24. ▪ Redefined business processes, ensuring a proportional service which gets to the right decision for consumers and service providers as quickly and effectively as possible.

Mainstreaming Pre-Assessment Pool pilot projects

In 2022/23 the Legal Ombudsman will:

- Move into business-as-usual projects such as Guided Negotiation and Reasonable Offer Made, contributing an expected 600 additional early closures per year. This is slightly lower than the expectations for 2021/22 as

the proportion of cases open to this approach will reduce slightly as suitable cases are worked through).

- Use Nudge Theory closure to close an additional 300 cases per year.
- Implement the GET investigator role.

Early resolution and proportionality

Early resolution includes a range of interventions designed to prevent the need for a lengthy investigation – including guided negotiation, identifying that a reasonable offer has been made, ‘nudge theory’, and proportionality.

Proportionality is a way of ensuring that, after an initial review by an ombudsman and investigator team, cases only progress to an investigation where there is evidence of both a potential service failing on the provider’s part and detriment to the consumer that needs redressing. It is also a means of ensuring that the cases that *do* go on to be investigated are concluded at the earliest possible opportunity if we find there has been no service failing or detriment to the consumer. Early proportionality involves looking to resolve new cases as soon as they are added to the PAP, while PAP proportionality involves looking to resolve the cases that are already in the PAP.

The significant work LeO has already undertaken in 2021/22 shows that this work can give customers an outcome more swiftly – without needing to wait in the PAP. LeO will build on this and streamline processes further.

In 2022/23 the Legal Ombudsman will:

- Continue to review all the cases that are in the PAP to identify those that can be resolved on the basis that there has been no evidence of poor service and/or detriment.
- Develop a set of criteria that will enable us to pilot an initiative to identify and apply proportionality principles to cases in the PAP where there has been poor service, but the level of detriment/impact is considered minimal. Any criteria developed for these purposes should not adversely affect those customers who most need the Legal Ombudsman’s services.
- Maintain the specialist law teams piloted in 2021/22, helping to deliver efficiencies within our process and to provide sector-specific feedback to the profession.
- Continue to closely monitor these initiatives to ensure there are no adverse implications for either the quality of LeO casework or the overall levels of satisfaction with the service provided to LeO customers.

Case studies: the impact of early intervention

Ms N contacted the Legal Ombudsman after complaining about a conveyancer's delays, which she believed were responsible for her house sale falling through.

The case joined LeO's Pre-Assessment Pool in July 2021. In November 2021 it was identified for an alternative process, and within a month we had reached an agreement with Ms N that the conveyancer had already made a reasonable offer to resolve her complaint.

Ms N fed back that she was very happy with the service she had received from us. In all, we had avoided a wait of at least 5 months compared with how long it would have taken to reach her case had it remained in the PAP.

Mr H, a beneficiary of a family member's estate, complained about the service he had received from a firm – which he felt hadn't kept him informed and had caused unnecessary delays.

Mr H's complaint joined our PAP in early November 2021, and around a month later was identified as suitable for a front-end resolution initiative. We explained to Mr H why we thought the firm's existing offer to resolve his complaint was reasonable, and he was satisfied with this. Mr H's total journey with LeO was under 6 weeks, compared with a 10-month wait without the intervention.

Making the most of technology

We will continue to apply technology to support our focus on resolving queries and complaints at the earliest possible stage – both improving the customer journey and ensuring we are using our resources efficiently. There will be a specific focus on reshaping how people first engage with LeO, including via our website, and on using technology to automate processes where possible.

In 2022/23 the Legal Ombudsman will:

- Scope improvements to the website and internal IT interfaces to support customers to access our service. This will mean giving people willing and able to help themselves the information they need to do so – and using “nudge” techniques to ensure people contact LeO at the right time and with the details we need to help them.

- Maximise the use of the Robotic Process Automation deployed in 2021/22, increasing automation of manual tasks to free up our teams' time and ultimately help us improve our service standards.
- Consider the value of other IT solutions, and whether and how they can help us deliver our service in future.

Going further to transform the Legal Ombudsman

In addition to the initiatives outlined above, LeO has committed to exploring and, if possible, implementing more fundamental changes to how we work – to build a modern, balanced Ombudsman service focused on delivering effective but timely complaints outcomes in a way that is proportionate and focused on getting to the right outcomes at the right point. If implemented, they will also provide important flexibility and contingency in the event of fluctuations in demand for our service.

Review of the Scheme Rules

We have identified a number of areas where the current Scheme Rules have not only created inefficiencies in our processes, but are actively constraining our ability to progress and resolve cases quickly. Since consulting on our draft 2022/23 Business Plan – in view of strong stakeholder support – we have progressed a review of the rules with pace and urgency. In February 2022 [we opened a consultation](#) on proposed revisions.

As we set out in our consultation, the changes will mean we can progress new and existing cases much more quickly, and tailor our approach to the needs of our customers. They will also ensure we are providing a value for money service, with each case handled in a proportionate manner depending on its facts, circumstances and complexity.

In 2022/23 the Legal Ombudsman will:

- Work with stakeholders to understand the range of perspectives that exist about these changes – and if appropriate, work to realise their benefits.
- Where support for further reform is established, work to progress changes that require primary legislation, or the approval of the Lord Chancellor – demonstrating our commitment to embrace the opportunity for fundamental changes to our Scheme.
- Seek assurance as we do so that any changes will not have any adverse or intended consequences for those using LeO.
- Work to develop a framework which provides assurance that the proposed changes do not adversely impact the quality of LeO casework.

Outsourcing and partnerships

Discussions are ongoing with the Legal Services Board (LSB) and the Ministry of Justice (MOJ) on the potential scope for outsourcing elements of casework or using agency

resource within the framework of the Legal Services Act. The Legal Ombudsman sees opportunity to accelerate reduction of the PAP beyond current forecasts through potential outsourcing of aspects of the operational process or types of case to a third-party external complaint resolution provider. This would also allow greater flexibility of approach in future resourcing of key operational roles. Consideration of this will also be focused on assuring on key aspects of fairness, quality and service standards being maintained.

In 2022/23 the Legal Ombudsman will:

- Work with others to seek clarity around the possibility of these changes, and make sure we are ready to take advantage of them.
- Scope, cost and where possible within restrictions, deliver an outsourced service with a specific target for helping reduce cases in the PAP and waiting times – within a framework that provides assurance around the quality of casework.

Priority Three: Develop learning and insight mechanisms to increase impact of work and support improvements in the sector for providers and consumers

We will build on the progress we made in 2021/22 to build the internal structures we need to generate learning and insight, and the mechanisms to provide feedback to service providers at the point they need it. While both we and stakeholders recognise the importance of this work, the greatest proportion of our focus will continue to remain on our operational performance.

Areas of focus	Expected outcomes
<ul style="list-style-type: none"> ▪ Providing targeted learning and insight for service providers, making better use of the valuable insight we hold. ▪ Increasing the visibility and impact of casework through better use of existing powers to increase transparency and publish findings in the public interest, delivering on our commitment to full transparency and enhanced public reporting. ▪ Using engagement opportunities to demonstrate the impact of the Legal Ombudsman, including the support it provides to 110,000 contacts a year. ▪ Responding to changes in the legal services sector and in the external sector. 	<ul style="list-style-type: none"> ▪ Increased reporting of LeO’s findings for insight and learning, and progressing our approach to transparency of investigations. ▪ Active contributions to debates around transparency, quality indicators and the unregulated sector more broadly. ▪ A wider range of engagement points with service providers both during the complaints process and more widely. ▪ Establishing groups representing both legal service providers and complainants to facilitate engagement and feedback. ▪ Working towards more rigorous management of “at risk” providers, appropriate support mechanisms and transparency of investigations. ▪ The legal sector has a clearer understanding of the Legal Ombudsman process and how they can best support early resolution.

Providing targeted learning and insight

Sharing insight about the causes of complaints helps legal services providers and their customers avoid the substantial time, cost and frustration inherent to the complaint

process. It is also an important factor in managing demand for LeO's service preventing cases being added to our front-end queue unnecessarily.

LeO has already begun to identify how it can better engage with service providers, to provide learning and insight at all stages of the process. In 2022/23 the Legal Ombudsman will:

- Begin implementing aspects of this engagement, online and in person as appropriate. This includes the opportunity for early advice to support the first-tier process, feedback for those firms who have high volumes of complaints, through to publishing complaints reports or information on complaints where there is learning or a public interest in doing so.

Increasing the visibility and impact of casework

In 2022/23 the Legal Ombudsman will:

- Progress work around the Transparency and Reporting Impact agenda, including a focus on developing an organisational approach to publishing decisions.
- Review our publication policy to consider how we can make better use of Category 1 decisions.

Using engagement opportunities to demonstrate the impact of the Legal Ombudsman

In 2022/23 the Legal Ombudsman will:

- Establish and utilise groups representing both legal service providers and complainants, with the aim of gathering feedback on how we operate and understand these parties' experience of the Legal Ombudsman. This will help identify the impact of LeO as well as identify how our service could be improved.
- Increase engagement with firms to develop more tailored learning for firms who need the most support, building on the establishment of our advice line in 2021/22.
- Deliver conferences and webinars and attend relevant events, to engage with the legal sector about LeO's role and listen to stakeholder's views.

Responding to changes in the sector

In 2022/23 the Legal Ombudsman will:

- Support the development of quality indicators, to enable consumers to better understand and engage with the legal services market.
- Work with the wider sector on the progression of the transparency agenda, including developing the role and availability of complaints data.

Measuring and reporting on performance

The Legal Ombudsman welcomes the positive feedback we received from stakeholders about the increased transparency around our performance. In 2022/23 we will maintain our commitment to this approach, regularly sharing information about our progress against our priorities and ambitions.

How we know we are delivering for LeO customers

As we continue our performance recovery, it is essential we understand how far we are achieving what we set out to do – including, but not limited to, the tangible difference made in reducing journey times and improving the overall experience of those using LeO. As well as quality and the experience of LeO customers, the critical indicators of our success cover our efficiency, our people and culture, and the work we do to share insight and raise standards in the legal sector.

Both the Legal Services Board and Ministry of Justice receive a comprehensive monthly Agreed Data Set, which allows these key stakeholders to have a clear understanding of the Legal Ombudsman's progress against its forecasted performance. In 2022/23 this data will continue to inform honest and transparent conversations with LeO's stakeholders, and we will enhance how we report on our performance.

While we have confidence in our plans and trajectory, LeO recognises there are risks inherent in the delivery of plans of this scale. We have planned and mitigated for them where possible, but our plan will be affected by any disruptive shocks which produce further significant cost increases – such as as-yet unanticipated developments in the Covid-19 pandemic (see below) or greater than forecast inflationary pressures (see page 37 for more detail about the impact of inflation).

As part of our close active management of risks, enhanced risk reporting is shared monthly with the executive team and discussed at audit and risk assurance committee each quarter. The improvement on risk reporting and exposure has been validated through internal and external feedback – including via the Government Internal Audit Service – and has been achieved through the appointment of a Risk Manager and concentrated work in this area.

In addition, the Legal Ombudsman's forecasting model and the trajectories it drives have been tested by a specific subgroup of the OLC Board. In 2022/23 this group will continue to challenge and test LeO's assumptions, risks, mitigating actions and contingency plans.

Key areas of focus for our oversight of risks and assumptions include:

- **Attrition.** Our modelling assumes a realistic rate of 2.13 investigators per month: close to 2022/21 actual rate. Attrition is monitored as part of an assumptions review and reported on monthly. Increased attrition up to a worst-case scenario of 2.7 will have a negative impact on case closures and will result in an increased PAP by 2023/24. To mitigate this, the national recruitment campaign has been successfully planned to leave LeO in a position of being able to recruit to replace assumed Q1 and Q2 2022/23 attrition in advance. We will also continue to focus on employee engagement, wellbeing, equality, diversity and inclusion and other areas such as development under our People Strategy, further supporting retention.
- **Productivity.** We have assumed a rate of 5.8 case closures each month, which is the rate required to ensure we achieve the case closures in the trajectory. This is based on our 2021/22 intake reaching full productivity, new colleagues reaching productivity quickly and improvements in existing colleagues' performance. As a key area of focus, any deviation from the assumption will be highlighted as a risk in the monthly review. LeO's operations team will focus on supporting any team members that are underperforming to ensure that the required productivity levels are achieved.
- **Covid-19.** LeO operates on the basis that uncertainty around Covid-19 and its potential impact will likely remain through much of 2022/23. Data is being collected on investigator time lost due to the Omicron variant; if the trend shows that this will impact during 2022/23 performance, this will be built in as a valid assumption. LeO is regularly monitoring risks around the potential impacts (school closures, caring responsibilities, sickness levels, general hybrid working and management challenges), and is in a better position to respond to them in light of experience and learning from previous years.

The Challenge and Advisory Group, formed in 2021/22 and made up of key representatives from legal bodies and regulators, will continue to provide scrutiny over our plans and to support us in identifying efficiencies and solutions.

Trajectories will continue to be underpinned by robust monthly reviews of the assumptions influencing key outputs, with LeO's business areas reviewing their performance against best, likely and worst-case scenarios (current trajectories are based on the likely scenarios). These reviews will ensure any changes and challenges are identified and addressed at an early stage. A full list of assumptions is set out in **Appendix C**.

Measuring value for money

Effective ombudsman schemes have a substantial value to the sectors and markets they cover, helping boost consumer confidence in engaging with service providers. Their value also lies in the feedback they share with regulated businesses and stakeholders more widely, helping drive up standards and prevent complaints arising.

The Legal Ombudsman receives the majority of its funding from the annual fees charged by legal regulators to services providers. It is essential that all our stakeholders have confidence that we use our funding well, delivering the outcomes we need to in a way that is both effective and cost-efficient.

Historically the Legal Ombudsman has used a unit cost financial measure, calculated by dividing the cost of delivering the Scheme by the number of cases concluded in the relevant period. In very simple terms this reflects the cost of running the Scheme, and we continue to report on it. However, it is one-dimensional metric that doesn't adequately reflect the value and breadth of work we carry out. For example, it does not include the significant advice and signposting we provide, with around 100,000 customers helped annually. Similarly, as we invest in sharing insight and learning, or direct advice through our service provider helpline, if case closure volumes remain the same, our unit cost will increase even though we may have prevented significant volumes of complaints.

Our research suggests that, among other similar schemes, only LeO and the Financial Ombudsman Service have a performance indicator relating to unit cost. In the absence of alternative reporting tool, LeO looked to the wider public sector and has adopted the NAO 4Es model – Economy, Efficiency, Effectiveness and Equity.

The 4Es model has been used by the LeO over the course of 2021/22, supplemented by additional metrics and reported as part of the Agreed Data Set. It enables LeO's Executive and the OLC Board to identify where interventions are required in the effort to reach a sustainable balance between operational delivery and quality/customer satisfaction. For stakeholders, it provides a suite of key metrics which show how efficiently and effectively LeO is performing and where there is room for improvement. In addition, we can use insights from performance monitoring internally, to continually improve the service we provide.

2022/23 priorities: What our performance data tells us

As we begin 2022/23, the metrics we use provide confidence that LeO's key areas of focus – reducing performance variation in the investigator cohort and pursuing initiatives focused on early resolution – are the right ones. They show that:

- The front end of LeO's process is working well and providing an effective process for the handling of new enquiries.
- The level of customer satisfaction, as well as the quality of output and service, remain positive – suggesting LeO's service is of a high standard once an investigation is commenced.
- Case closure volumes are being impacted by fluctuations in the output of more experienced investigators and by the fact that a significant part of the investigatory workforce are less established, with lower productive output.
- A minority of cases are currently closed informally, with the bulk of cases requiring some degree of ombudsman input which increases cost and protracts the investigation process.

To provide a complete picture of the full value LeO adds to the legal services market, these metrics are supplemented by extra information around our insight, engagement and innovation work. Examples highlighted in this Business Plan include:

- The action we are taking to promote the early resolution of cases in the PAP, which is improving customers' experience but is not reported in monthly closure figures.
- The ways we are and will be using technology – for example, Robotic Process Automation, artificial intelligence and machine learning – to free up resource for operational work and ensure we keep step with trends in the legal profession.
- How we use ombudsman resource to drive initiatives – including the service provider advice line and planned insight and engagement – both to increase key outputs and to share learning with the legal sector, reducing the level of demand for our service in the long term.

Significant progress has already been made in our approach to equality and diversity, and this will be carried forward, aligning with our People Strategy (see pages 20-22). To report effectively against the 4th E, Equity, we need to do more to understand how LeO is accessed by all consumers of legal services and what obstacles there might be.

Budget for 2022/23

Chart 7

Business Plan Priorities	Business area	2021/22 budget	2022/23 budget
One and Two	Operational delivery	£8,783,999	£9,482,608
Three	Policy and impact work	£227,146	£280,820
One, Two and Three – critical enablers	Corporate functions and business support	£2,350,734	£2,461,597
	<i>Vacancy factor adjustment</i>	<i>£306,000</i>	<i>£561,000</i>
	Total staff salary expenditure	£11,361,880	£12,225,025
One, Two and Three – critical enablers	IT and telecoms	£1,379,534	£1,419,534
	Premises and facilities	£772,023	£572,023
	Other staff expenditure	£205,012	£195,012
	Depreciation	£ 353,480	£531,480
	Other costs	£ 399,113	£374,113
	Total non-salary expenditure	£3,109,162	£3,092,162
	Total revenue expenditure	£14,471,042	£15,317,187

Background: Our consultation

The 2021/22 Business Plan set out a multi-year approach to improving the Legal Ombudsman's performance, and to its budget, reflecting investment in investigation teams over two years.

The 2022/23 Business Plan consultation explained that, without any increase for the coming year, LeO would not be able to realise the benefits, or the productivity, of the investment in new starters made in 2021/22. Our assumptions and forecast trajectory would be adjusted significantly downwards – meaning increased instability, and an unacceptable impact on customers due to our inability to develop and implement new initiatives and further changes to ways of working.

For this reason, the two budget options consulted on for 2022/23 were:

- Option One: increase the budget for 2022/23 as planned in line with what we set out in the 2021/22 Business Plan – a total increase of £553,310 (3.8%).
- Option Two: increase the budget by a further 1.3% to enable us to make a gear-change in our performance recovery via additional interventions involving experienced ombudsman resource – a total increase of £741,406.

In response to our consultation, representatives of legal services customers told us that they supported additional investment on the assumption we would deliver on our forecast trajectory. Representatives of legal services providers expressed concern that the challenges LeO was facing meant we would not meet this trajectory – and on this basis, together with ongoing financial pressures on legal firms, questioned the additional investment we were asking for.

Our final 2022/23 budget

The final budget we have reached involves broadly the same level of investment we originally anticipated over the two-year recovery journey. Due to the underspend in 2021/22 – which we have confidence will not arise in the coming year (see page 39) – this investment is split differently across years one and two. As **charts 8 and 9** show, overall, we have delivered more at a lower cost than we originally anticipated.

Chart 8

Two-year recovery budget

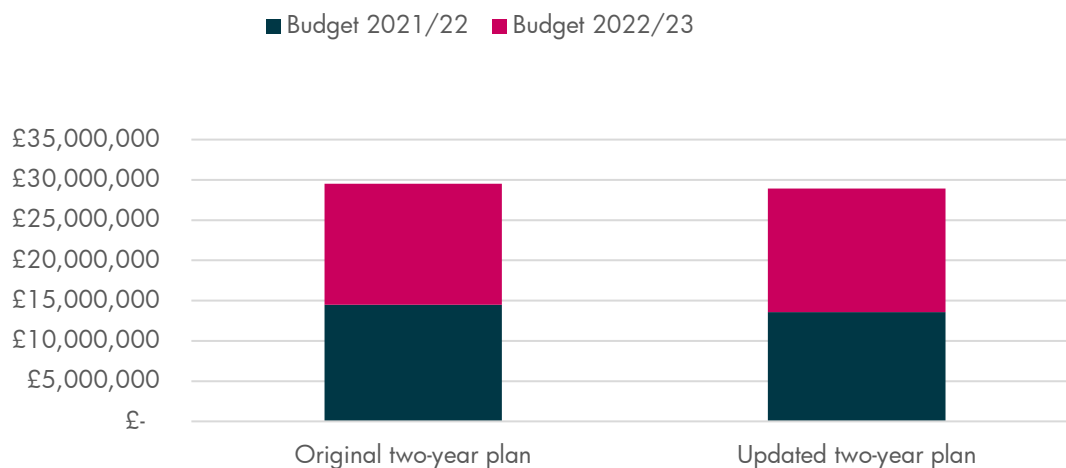


Chart 9

	Original two-year plan	Updated two-year plan	Variance
2021/22 (forecast)	£14,471,000	£13,587,000	-6%
Budget 2022/23	£15,024,000	£15,317,000	2%
Total budget	£29,495,000	£28,904,000	-2%
Cases resolved 2021/22	7,057	6,369	-10%
Cases resolved 2022/23	7,962	10,244	29%
Total cases resolved	15,019	16,613	6%
Unit cost 2021/22	£2,051	£2,133	4%
Unit cost 2022/23	£1,887	£1,495	-21%
Average unit cost	£1,964	£1,740	-8%

The investment we are making now will generate efficiencies in the coming year and beyond. It will result in a quantifiable impact on our performance, enabling us to deliver the gear-change required to reach a sustainable level of performance that meets customers' expectations within an acceptable timeframe.

As we have explained in this Business Plan, we have a high degree of confidence in our forecast trajectories – especially given the progress we have made since our consultation in unlocking our recruitment challenges. Our forecasts do not take into account interventions whose impact we can't yet quantify.

Importantly, the underspend we have experienced in 2021/22 will not be charged to legal services providers. Under the mechanism for charging the levy, the sector has been invoiced in February 2022 based on the expected outturn of LeO at that date.

So the underspend will result in a reduced levy for those regulators paying more than the £5,000 de minimis amount. The 2021/22 levy will also be reduced by the 2020/21 final adjustment of £94,000 (each year the difference between forecast and outturn is brought forward).

Cost to legal service providers

Nearly 91% cases brought to LeO over the three years in question are about solicitors, who are members of the Law Society. As a result they pay a significant majority of our levy. The levy raised in February 2021 for 2020/21 to the Law Society was for £11.042 million. This equated to £74.06 for each of the circa 149,110 persons authorised to undertake reserved legal activities for the Law Society (ATP). In February 2022, the levy raised to the Law Society for 2021/22 will be £11.256m. The number of ATPs at the Law Society increased to 154,184 as at 1 April 2021. As a result, the cost per ATP reduces slightly to £73.01.

For 2022/23, and subject to adjustments in case fee income, if our expenditure increases by 5.8% as per the budget, this will increase the levy to the Law Society members to £11.909m. If the Law Society membership increases by 2.8% (the average annual increase over the last 3 years) then this will equate to a cost per AP of £75.11 – an increase of £2.10 or 2.9%. This assumes that the Law Society percentage of cases remains at the 2021/22 level.

Recognising the need to provide value for money to the legal sector, we have scrutinised every area of our operations for opportunities to reduce costs, weighing these against the impact they would have on our ability to deliver our forecast performance recovery. We have also considered those costs that are not within our control, and what this would mean for our budget.

Inflationary pressures

Like all organisations, the Legal Ombudsman is facing inflationary pressures on expenditure. The January 2022 CPI index (consumer inflation) showed annual inflation at 5.5%. This is the highest rate for nearly 30 years, with some indications that this will increase further.

Excluding IT, there is approximately £1.1m of other purchased expenditure. Inflation on this could range from £22,000 at 2% inflation to £55,000 at 5% inflation. Recent changes to National Insurance rates will add a further £95,000.

We have made efforts to offset necessary increases wherever possible. The overall increase in budget would total 8.0% were it not for the mitigating effects we have introduced through increases to the vacancy factor (see below) and a reduction in non-staff budgets including property savings – we have secured a £50,000 reduction in rent as a result of a historic adjustment – reduced training, and reductions in marketing expenditure.

It is currently difficult to assess with certainty how inflation will impact the goods and services we purchase in future, and the impact on our budget. Although we will seek

to mitigate increases when renewing contracts and making purchases, we are unlikely to be able to absorb further significant inflationary increases.

Ombudsman resource for PAP interventions

Our budget involves funding to enable us to fully implement the principles of proportionality both to cases that are currently waiting in the PAP and, where appropriate, to those waiting to go into the PAP. In finalising our budget, we have considered the use of this resource, including whether we could deliver what we need to using less experienced, and so less costly, ombudsman resource.

The nature of the work being done at the front end of our process requires a level of expertise and knowledge that is only found within our most experienced and skilled staff. In particular, the ability to make a confident and reliable assessment of the likely outcome of a complaint based on the limited information that is provided by customers when they first approach LeO is something that needs to be carried out by our most experienced ombudsmen.

To fully exploit the potential of this initiative, we believe it is necessary to deploy 3 of our most experienced ombudsman cohort to this work. However, doing so will deplete the resource available to issue decisions at the end of the process, and if not replaced with additional Level 2 resource would adversely affect the ability of the ombudsman cohort to process decisions, resulting in an increase in the overall customer journey. For this reason, we are taking forward this element of our budget – enabling us to deliver these important interventions without an impact on service standards.

Other roles and vacancies

The budget assumes full funding for all posts less a vacancy factor of £561,000. This is an increase from the 2021/22 vacancy factor of £306,000, reflecting the experience in 2021/22 of vacancies from attrition and delays in recruiting to these positions, and a specific adjustment for emerging corporate vacancies.

In making decisions in this area, our focus has been on delivering our Business Plan priorities:

- To mitigate investigator attrition, we are currently over-recruiting for investigators to allow for future attrition.
- A number of essential operational posts are required to ensure we can deliver on our recovery plans, and to recognise the additional management need arising from the proportion of non-established investigators (an expected 55% at 1 April 2022). Without these posts, we won't be able to maximise the productivity of our new starters *or* support existing staff to improve their performance.
- To enable us to deliver learning and insight to the legal sector – an important strand of reducing demand for our service – there is additional but limited investment in the External Affairs team.

- In view of current inflation, a pay increase of less than 2% would risk negating the steps we are taking to improve staff engagement and reduce attrition. We cannot fully absorb this increase (£240,000), but plan to increase the vacancy factor by £105,000 to partially mitigate this. This reflects emerging corporate vacancies which are likely to be vacant in Q1, and our plans to replace these posts.

Preventing budget underspend

The key element of our budget underspend in 2021/22 was beginning the year with a 14 FTE deficit in investigators, as well as vacancies in some corporate roles. This has been compounded by higher than assumed rates of attrition, together with challenges in the labour market at a time when we needed to substantially increase our investigator cohort.

The underspend resulting from this has *not* been billed, and a £672,000 reduction is expected in the 2021/22 OLC levy charge.

We will start 2022/23 year not only at, but above full investigator complement. This will minimise the risk of underspend. As we have set out above, our 2022/23 budget includes £561,000 for an assumed vacancy factor, which we will continue to assess, together with the appropriate risk appetite for recruiting for assumed attrition. 24% of this amount relates to corporate roles; if corporate attrition takes a larger share, this is a smaller and more manageable vacancy factor.

We have implemented more rigorous monitoring of budget assumptions and cost drivers, which enable us to react more quickly to attrition and enable any underspends to be reacted to – for example, recruiting more operational staff during the year, or bringing in temporary resources. Similarly, if there is lower attrition than forecast, this proactive management will enable us to put in mitigating actions such as holding vacancies or restricting non staff spend. We will refine our assumptions around lead time on recruitment activities from what we have learned from our recent national recruitment campaign.

Ensuring value for money

The Legal Ombudsman is committed to ensuring value for money is considered in all decision making. In 2021/22 increased levels of challenge and rigour have been introduced to all forms of expenditure and business activity:

- All recruitment activity is subject to review at Executive level to ensure that the intended additional resource is the most effective use of funds and best-placed to improve performance and customer experience. The same degree of challenge and rigour has been applied to all proposed recruitment for 2022/23.
- All departments have monthly finance meetings where spend against the in-year budget is tracked and future spend forecast.


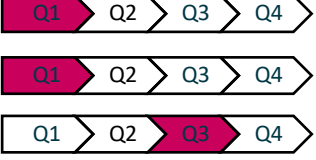
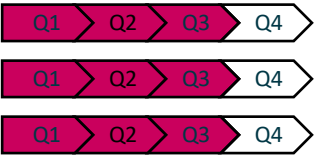
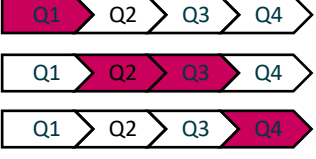
- Monthly business performance meetings across all teams enable the Executive to have greater oversight of the work being done in each of those areas and the risks facing each team.
- Where required, all the activities outlined in the 2021/22 Business Plan were managed by strict project methodology to ensure that progress is maintained, resource is effectively deployed and that project costs are tightly controlled. This methodology will continue to be applied in 2022/23.
- The OLC Board subgroup ensures all the assumptions underpinning the 2022/23 budget have been robustly challenged and tested. This will ensure that our projections for future delivery are as reliable as possible, and can be used to provide stakeholders with confidence about the ongoing improvement trajectory.











There is more about how we ensure we are achieving value for money, as well as how we monitor other aspects of our performance, in the section **Measuring and reporting on performance**.

Appendix A: 2022/23 Business Plan Priority activities and deliverables

Priority One: Support our people to perform at their best			
Activity/objective	Scope	Key deliverables	Timescales
Attracting and retaining our people	Delivered via the People Strategy: a comprehensive review of the HR strategies and frameworks to ensure we have the tools in place to recruit, retain, develop and manage a highly skilled and motivated workforce, to make the Legal Ombudsman a great place to work.	Reward and Recognition Strategy Attraction and Retention Strategy Recruitment Strategy (Inclusive of Hub Strategy Model) Hub Strategy – Additional Hubs	
Developing our people, including addressing performance variation	Delivered via the People Strategy.	Performance Management and Competency Frameworks Talent Management and succession planning Identification of training needs and skills gaps across the organisation to inform future development programme Development of career pathways that facilitate progression Implementation of a leadership programme for current and aspiring managers	

Priority Two: Deliver improvements to streamline handling of complaints and deliver a more proportionate service focused on early resolution

Activity/objective	Scope	Key deliverables	Timescales
Mainstreaming Pre-Assessment Pool pilot projects.	Ongoing work to progress and review piloted initiatives.	Continue to review and improve mainstreamed initiatives: Guided Negotiation Reasonable Offer Made Nudge Theory	
Early resolution and proportionality	An innovative proposal to assess feasibility of early resolution of complaints and utilising proportionality discretion to ensure progression of the right cases.	Analysis of data to assess proposal feasibility Collation of data to demonstrate both value and customer satisfaction Implementation of agreed outcomes	
Making the most of technology	Development and launch of new and improved technology solutions to streamline complaint handling and improve customer service.	Implement improvements to Robotic Process Automation Develop automated triage process Scope and implement website enhancements to improve customer journey	
Review of the Scheme Rules	A two-phased progressive review of the Scheme Rules with an outcome of a set of desired changes enabling increased efficiencies and improved service provision.	Post-consultation approval of Phase 1 changes Implementation and process changes Realisation of full impact	

Outsourcing and partnerships	Work with external suppliers and strategic partners to enable outsourcing of pre-defined work packages and/or specific roles or functions.	Work with external suppliers and strategic partners to plan and implement outsourcing strategy	
Priority Three: Develop learning and insight mechanisms to increase impact of work and support improvements in the sector for providers and consumers			
Activity/objective	Scope	Key deliverables	Timescales
Providing targeted learning and insight for service providers, making better use of the valuable insight we hold.	Implementation of engagement processes to provide clearer insights into the impact of the scheme, and how learning and insights can be shared more widely with the sector.	Create a schedule of course/training events inclusive of regional law societies, online or in-person as appropriate Develop a thematic report and engage with service providers/representative bodies to develop	 
Increasing the visibility and impact of casework	Increase the visibility and impact of casework through better use of existing powers to increase transparency	Define case publication criteria – Phase 1 Outline a process for monthly review of publishable cases Scope Phase 2 transparency project and confirm timelines	  
Using engagement opportunities to demonstrate the impact of the LeO	Engage with stakeholders (regulators, service providers, consumers) to maximise opportunities to share insight and learning to drive improvements and engage around LeO's improvement journey	Develop and implement a Service Provider Group Scope and develop a Consumer Group Further develop engagement work with stakeholders (advice desk and ongoing engagement with regulators) Attend conferences/events to talk about the impact of LeO	   

<p>Develop our resources to better support consumers and service providers to learn from us and improve access to LeO's service</p>	<p>Deliver and develop resources inclusive of annual/quarterly publications/leaflets and factsheets, and progress website improvements</p>	<p>Deliver annual and quarterly Leo Publications</p> <p>Scope options for provision of information leaflets/factsheets for service providers to educate and inform on LeO's service offering</p> <p>Review and develop current website inclusive of the addition of a case study section and an update to resource pages</p>	
<p>Responding to changes in the legal services sector and in the external sector</p>	<p>Respond to changes in the legal services sector and in the external sector</p>	<p>Continue horizon-scanning and stakeholder engagement activities, to ensure we are aware of emerging issues and trends that could impact our work</p>	

Appendix B: 2022/23 performance recovery activities and confidence

Initiative	Objective	Timing	Quantified performance improvement	Confidence level
Operational initiatives included in forward trajectories				
Early closures	To identify cases that can be closed from PAP without a standard lengthy investigation through early intervention including guided negotiation, identifying that a reasonable offer that has been made, and nudge theory.	Began initiative in April 2021. Year to date have exceeded expectations	Increase case closures by 34% in 2021/22 from 2020/21, and resolving queries 42% quicker than cases that require investigation.	
GETI pilot	To change and streamline investigation process and achieve customer outcomes at a lower cost. Support full investigators to spend their time in more cost-effective way. Split investigation process to remove administration and allow more complex parts of the process from investigators.	Pilot Q3-4 2021/22 BAU in 2022/23	Currently reducing investigation time by 50.5% and increasing overall closures by 41 from Q4 2020/21.	
Procure and work with national recruitment partner	Recruit to fill to 2022/23 BP resourcing requirement and recruit for planned attrition Q4 2021/22 & Q1 and 2 2022/23	Starters in March 2022	By recruiting nationally, LeO widens the recruitment pool and will be more attractive in the market in other areas of the UK. This has already supported the requirement to begin 2022/23 with a full complement of FTE.	
Early proportionality and PAP proportionality	Dedicated resource to identify opportunities in both cases waiting in the Pre-Assessment Pool and new incoming cases that are appropriate for dismissal	Q1 2022/23	An additional 94 closures month on month. Limited testing - internal assessment is results are reasonable based on experience of these cases.	

	under Scheme Rule 5.7. These include, but are not limited to, cases where there is no reasonable prospect of success, no detriment or other compelling reasons where investigation is inappropriate.			
Initiatives that are not included in forward trajectories (pipeline initiatives providing important flexibility and contingency in the event of fluctuations in demand for our service)				
Further work with national recruitment partner	Potential future use of recruitment partner.	As required	By recruiting nationally, LeO widens the recruitment pool and will be more attractive in the market in other areas of the UK – helping us to remain at full complement. However, this will involve a cost to LeO and so will be carefully considered.	
Hub strategy	To diversify from single-site location, explore use of MoJ estate and match national recruitment outcomes to potential hub locations	Q1 2022/23	This strategy works alongside national recruitment and supports our long-term aim as a standard way of attracting recruits to LeO	
Outsourcing	To explore bringing off-payroll workers into LeO to work on casework and/or package up casework to be progressed outside of LeO. Testing of options around Legal Services Act which impact feasibility and timing of option appraisal. Engagement with MoJ and LSB required.	Through 2022/23	Impacts on customer journey times, reduction in PAP and case closures.	
Scheme Rule changes	<ul style="list-style-type: none"> Removing obstacles to efficient and timely investigations Supporting early resolution initiatives such as proportionality and demand management Incentivising pragmatism and commerciality toward early resolution of cases 	<p>Consultation: Q4 2021/22.</p> <p>If changes agreed: Request approval of proposed changes: Q1 2022/23</p> <p>Implementation and process changes: Q2-3 2022/23</p>	Improvement to customer journey time and closure numbers which will support the reduction of the PAP. Will rebalance LeO to resolve cases with minimum formality.	

	<ul style="list-style-type: none"> Reducing the level of reliance on ombudsman decisions 	Realisation of full impact: Q4 22/23 onwards		
Specialist law teams	<ul style="list-style-type: none"> Development of small specialist law teams to provide support to complex probate and personal injury casework Better consistency of investigation and customer service Targeted feedback to the sector 	Development Q4 2021/22 Implement fully 2022/23	Will support the deliverables and activities associated with Priority Three in the sector providing feedback to the profession	

Appendix C: 2022/23 Business Plan assumptions

Trajectories will continue to be underpinned by robust monthly reviews of the assumptions influencing key outputs, with LeO's business areas reviewing their performance against best, likely and worst-case scenarios (current trajectories are based on the likely scenarios). These reviews will ensure any changes and challenges are identified and addressed at an early stage.

Assumption	Monthly figure	Description
Files added to the Pre-Assessment Pool	600	This is based on the standard core demand from a 2-year profile. This number is reviewed monthly to identify any changes to demand. Monthly trajectories are amended accordingly.
Attrition	2.13	This represents a reduction from 2021/22.
Maternity leave	4.75 (average)	Represents an increase on 2021/22 actual but a reduction on the BP assumption.
Long-term sickness	4	In line with the 2021/22 BP assumptions and is expected as new cohorts come into the business.
Conversion rate (cases in the PAP that go on to be investigated)	86.30%	In line with 2021/22 performance. This is expected to remain as a percentage despite a potential smaller PAP.
Reallocations	54	Room to reduce. This is based on long-term sickness and attrition performance as this is higher in the 2021/22 performance.
Closures per investigating L1 ombudsman	3.5	Remains static across the year and is in line with 2021/22 assumptions.
Closures per established FTE	5.8	This represents an increase from 2021/22 (5) and is in line with current productivity figures.

Complexity of cases added to Pre-Assessment Pool	66.3% - Low 33.4% - Medium 0.3% - High	This is line with performance for 2021/22 and is expected to remain. Reduction of low is a possibility with the proportionality work.
Complexity of cases closed by investigators (FR1 and FR2)	69% - Low 31% - Medium	This is in line with performance for 2021/22 and is expected to remain. Reduction of low complexity is a possibility with the proportionality work.
Reasonable adjustments	2.2 FTE	This is based on the number within the business now so is subject to change.

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