

CLC Response to the consultation by the OLC on its Strategy and Business Plan for 2023-24

14 December 2022

The CLC is grateful to the Office for Legal Complaints for the opportunity to comment on its budget and business plan for the next financial year. Non-executive and executive members of the CLC team were pleased to take part in an online briefing session in November 2022 when we and others were able to put questions to the OLC.

1. How has your level of confidence in LeO changed since this time last year? Has it increased, decreased or stayed the same?

The CLC's level of confidence in LeO's ability to deal with its case load has slightly improved since this time last year, largely because seems to be broadly on track with its backlog reduction plan and is continuing to forecast achieving the plan it set out in Spring 2022. This achievement is largely due to 'low-hanging fruit' being dealt with through the new early resolution route however, and the challenging in the coming year will relate to cases that are not open to that approach but that require investigation and decision.

It will be vital for stakeholder confidence that there is simple and clearly communicated reporting on progress by LeO against the plans for 2023/24. The 'agreed data set' presents a great deal of data but can be difficult to navigate and the key messages can be hard to identify.

The CLC encourages LeO to produce a dashboard pulling together 5-10 key metrics that will capture the organisation's progress against its targets. Alongside the headline figures of complaints received, addressed, in the pre-assessment pool and work in progress, it would be helpful to see information on staffing levels, the changing cost per complaint and other mission-critical measures that will provide early indications of whether the business plan is on track to be delivered.

Where we have yet to be assured is on the control of costs.

We accept that the 'cost per complaint can be a difficult measure given the different routes to resolution that exist, but it is an important focus given that LeO continues to be a very high-cost operation. The 'Agreed Data Set' shows that the unit cost for an investigated complaint is £3401. This reduces to £1456 when the 'early settlement' cases are included.

The CLC welcomes the establishment of groups representing legal service providers and consumers, but this must not be at the cost of engagement with the legal sector regulators.

2. Do you support LeO's plans under Strategic Objective One and Business Plan Priority One? Is there anything else the OLC should take into account in 2023/24 or further ahead?

The CLC is broadly supportive of LeO's plans under Strategic Objective One and Business Plan Priority One. We would observe however, that the level of staffing needed to reduce the backlog to the target level will be temporary and actually quite limited in time. We understand that LeO expects that the correct level of staffing for the long-term business need following the eradication of the backlog will be achieved through natural levels of staff turnover.

Since staff numbers are the chief driver of cost for LeO, it may be that right-sizing for the post-PAP LeO will need more active planning and management. It would be regrettable if unnecessary costs continued to be baked-in by needlessly high staffing levels once the target WIP is achieved. Should attrition not achieve the desired aim there should be an active plan in place, which would also mitigate the risk of attrition amongst staff members whose skill the organisation needs to retain.

The CLC notes LeO's concern that it will need in future to cope with fluctuating demand. We hope that LeO can achieve flexibility in its staffing arrangements to secure that resilience. The current inability to farm out investigation work or engage temporary staff is a very significant barrier to efficient operation.

3. Do you support LeO's plans under Strategic Objective Two and Business Plan Priority Two? Is there anything else the OLC should take into account in 2023/24 or further ahead?

The CLC supports LeO's plans under Strategic Objective Two and Business Plan Priority Two. It is surprising to see that the estimated impact of changes to the time limits has been taken down from an estimated 30% reduction to a reduction of just 10%. It is important that complainants are treated fairly, and LeO will need to monitor the use of discretion in relation to time limits very carefully to ensure that it is operating as intended. Consistency is vital in this as in all areas of complaints handling.

4. Do you support LeO's plans under Strategic Objective Three and Business Plan Priority Three? Is there anything else the OLC should take into account in 2023/24 or further ahead? For example, what more would you like to see LeO do in this space?

The CLC looks forward to working with LeO to develop targeted training interventions to improve first tier complaints handling in the small number of practices that see disproportionate levels of referrals to LeO. This will aim to reduce the numbers of complaints referred to LeO and so reduce the cost of complaints handling while improving the consumer experience.

The need for early and clear reference from LeO to the individual front line regulators for disciplinary intervention remains an area to be improved and we are keen to work closely with LeO to get this working well.

In the past, it has sometimes seemed that LeO's commentary on complaints handling has highlighted unusual or unusually complex complaints. CLC believes that there is a case for focussing awareness-raising and training for legal service providers on the most common types of complaints to improve practice in ways that can quickly reduce complaints numbers overall.

5. Do you support the proposed 2023/24 budget for LeO?

As last year, the CLC reluctantly accepts the budget for LeO for 2023/24 as it seems necessary to ensure that the backlog is reduced quickly and that new approaches are embedded and to maintain efficiency and effective complaints handling in the longer. The proposed 9.6% increase – albeit driven largely by inflation – comes at a time when many of the front-line regulators are absorbing the impact of that inflation on their operations to support the financial health of the sector overall.

We expect that the budget plan for 2024/25, which will be the first budget for the post-PAP LeO will be very significantly reduced. Depending on the forecast for likely new cases that year and taking into account the full impact of the rule changes, LeO could potentially only need capacity to deal with some 5,000 to 6,000 cases starting in its plan year 2024/25. An extremely rough calculation using LeO's target case cost of £1.5k and assuming 4,000 cases fewer to investigate in 2024/25 points to the possibility of a budget reduction in the region of £6m compared to 2023/24. This is a very rough calculation, but it does give a sense of the scale of reduction – around one-third of the total - that we could see in the OLC's budget before very long.

6. Is there anything else you think the OLC should take into account [as] it finalises LeO's 2023/24 Business Plan and Budget and 2023-24 Strategy?

The CLC's most significant concern is that new and more efficient ways of working are firmly embedded at LeO over the course of the next financial year so that the overall cost of the operation can be reduced very significantly while maintaining acceptable levels of service to complainants and the legal sector.

We also believe that this is the time to start the discussion about resetting the basis of the levy calculation, to better acknowledge the non case work remit of the LeO and to ensure that all who benefit from that work pay the appropriate price for 'membership' of the scheme.

7. Once LeO is delivering a significantly improved service, how might it need to evolve to meet customers' needs and expectations? This will help shape the OLC's thinking as it starts to develop its new multi-year strategy.

LeO could consider whether it would be cost-effective to automate the handling of simple complaints. It might be a challenge to set the burgeoning legal tech sector to develop

systems for legal service providers or LeO to use. Given the rules- and precedent-based approach LeO follows, automation should be a possibility for many complaints.

We welcome LeO's existing successes in this field. For example, via your use of Version 1's [Innovation Labs](#) to look at how Robotic Process Automation (RPA) could assist some early processes.

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