

Cycle of change

Legal Services Complaints Commissioner's
Annual Report and Accounts
2006-2007



Legal Services
Complaints
Commissioner



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

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of Schedule 8 of the Access to Justice Act 1999

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Commissioner's Foreword

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

Commissioner's Foreword

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

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


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

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

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

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

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



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

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

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

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

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

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

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

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

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



Zahida Manzoor CBE
Legal Services Complaints Commissioner



Executive Summary



Executive Summary

The aim of the Office of the Legal Services Complaints Commissioner

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

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

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

The Law Society's reorganisation

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

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



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

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

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

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

Improvement Plan

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

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

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

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

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

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

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

Agreeing an Improvement Plan for 2006/07

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

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

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

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

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

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

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

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

LCS and SRA's Performance against their Improvement Plan

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Performance in Detail

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The targets the Commissioner set include the following:

Timeliness

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

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

Quality of decisions

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

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

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

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

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

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

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

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

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

Implementing LCS and SRA's agreed Improvement Plan

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

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

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

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

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

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

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

The Commissioner's Audit Findings

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

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

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

The audits undertaken were:

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

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

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

The Legal Services Bill and the future of legal services

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

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

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

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

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

Creation of the Ministry of Justice

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

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