

Elisabeth Davies
Chair
Office for Legal Complaints
Sent by email only



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19 March 2021

Approval of OLC Budget for 2021/22

Dear Elisabeth

I am writing to confirm approval of the OLC Budget for 2021/22 of £14,471,042.

As was discussed at the Board meeting on 18 March, the size of the investment for the slow rate of improvement set out in the OLC's application meant this was not an easy decision for the Board to make. However, an important part of the Board's consideration was that the forecast performance trajectory is the OLC's minimum delivery expectations, which does not take account of planned innovations. We welcomed the increased appetite for innovation but accepted it is too early for the new team to predict the impact of these changes with confidence. The Board also recognised that the new team needs time to change the performance culture and asked for further information in due course about how this will be achieved.

Ultimately, the Board considered that the level of investment requested is necessary to give the OLC an opportunity to address performance issues in the context of a backlog which has grown considerably in the last year in a challenging operational environment. Equally, the Board was clear that it needs to see results this time, following a history of promises of improvement that have failed to materialise. The Board expressed confidence in the OLC's leadership, but should the expected benefits not materialise, then we would be justified in calling on the government to pursue alternative arrangements to deliver effective consumer redress in the sector.

The Board paper included a series of observations which I would encourage you to consider as you finalise your plans. In particular, the Board highlighted concerns with aspects of the proposed value for money framework, which we felt would benefit from having a smaller number of targeted measures. As the OLC has acknowledged, some of the measures, including in relation to equality, diversity and inclusion, need further development. On this theme, the Board sought assurance on measurement of any differential complaint outcomes based on protected characteristics.

The Board's decision means there will rightly be an increased interest among stakeholders that the investment is delivering results at an acceptable pace. This creates a responsibility for both of us to provide transparency on key performance measures, including the size of the backlog. It will be important for our organisations, in consultation with the Ministry of Justice, to quickly reach agreement on an enhanced public reporting approach that can strengthen confidence in the scheme. Linked to this, the Board welcomes the OLC's plans to establish a targeted stakeholder advisory group, which we hope will enable you to get immediate and practical input on plans for transforming service delivery and reducing the backlog.

Finally, the Board underlined that addressing the Legal Ombudsman's performance problems is a shared responsibility involving a range of stakeholders. Further, improvements are needed in other parts of the system including in relation to first-tier complaints handling. All involved, including the OLC, the regulators, professional leaders and others, have a role to play in bringing about those improvements. The Board made clear that it stands ready to play its part, including by considering any changes to the OLC's Scheme Rules should you consider this necessary.

Yours sincerely

A handwritten signature in black ink that reads "Helen Phillips". The signature is written in a cursive, flowing style.

Dr Helen Phillips
Chair