

Business Plan

2011-12

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Access to Justice Act 1999



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Introduction

by the Chair and Chief Executive

This Business Plan for 2011-12 outlines the priorities for the Legal Services Commission (LSC) for the next year. It describes the initiatives we will complete in the first year covered by the Spending Review and the Ministry of Justice's Business Plan for 2011 – 15 as a first step towards realising the overall strategy. The Government has made it clear that its priority is to reduce the fiscal deficit and this was reflected in a reduced financial settlement delivered through the Spending Review process. The Green Paper on legal aid reform sets out proposals for reducing legal aid by £350m in 2014 – 15. This will have far reaching implications for both the administration and provision of legal aid over the next four years. In addition the Government has announced its intention to move the LSC from being a Non Departmental Public Body (NDPB) to become an Executive Agency of the Ministry of Justice (MoJ). It is vital that we use this year of transition to build a firm basis for future reform.

Since our last publication, the 2010 - 11 Business Plan, we have met a number of challenges. These include receiving a qualified audit opinion for the second year running; the successful judicial review of our family contract tenders; and the issue of a Consultation Paper on legal aid. Despite the difficult year, we have worked very hard to make good progress in many areas. In 2009 – 10 we helped nearly three million people across England and Wales. We opened Community Legal Advice Centres in Manchester, Wakefield, East Riding, West Sussex and Barking & Dagenham. We also introduced Crown Court Means Testing across all of England and Wales. We relet all crime contracts and most civil law categories too. At the same time, we have reduced spending on our administration budget by 4.1%.

Additionally, our programme of work to improve financial management and control has reaped rewards. In all we have identified and recovered £10m

of payments and have targeted a further £1.3m. The head of the National Audit Office stated in his report to Parliament of November 2010 that "The Commission has recognised the need to strengthen its financial management and I welcome the action that it has taken so far." He also stated that senior management attention needs to remain focused on this work. This plan ensures that this is the case, and builds on the good work that we have already done.

The role of the LSC is to deliver on behalf of government, and administer the legal aid system in accordance with ministers' wishes, making best use of the resources which we have been allocated. In performing this task, we must be mindful of our relationship with our stakeholders; the Ministry and its officials, providers who deliver legal aid services to the public and our other interested and affected parties. Our vision is to be a respected commissioner and administrator of legal aid.

These relationships with our key stakeholders are even more crucial during times of change, and we recognise that there is potential for disagreement and challenge as we implement the changes outlined in this plan.

As we implement any legal aid reform, work towards removing our accounts qualification, and reduce our administration budget by around 23% over the next three years, it will be essential that we remain focussed on the tasks in hand. The move to Executive Agency status will allow us to share resources with MoJ, and we have already begun slimming down through organisational restructuring and voluntary redundancy.

There is much for us to do in the coming years and there are many challenges ahead, but Commissioners and staff are committed to making these changes work so that we maintain a legal aid scheme that meets the Government's objectives.



Sir Bill Callaghan
Chairman



Carolyn Downs
Chief Executive

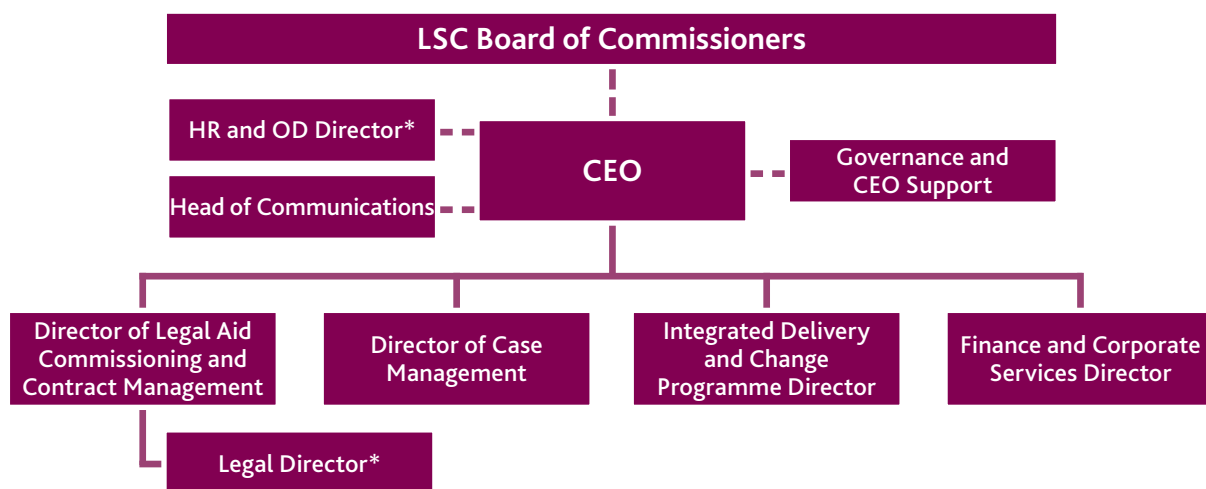


Operating context

What we do

The Legal Services Commission provides legal aid, advice and information in England and Wales through two schemes: the Community Legal Service (CLS) and the Criminal Defence Service (CDS). Our work is essential to the fair, effective and efficient operation of the civil and criminal justice systems. It is also critical in helping to provide access to legal advice for some of the most vulnerable members of society. We are a delivery organisation which commissions and procures legal aid services from providers (solicitors and the not-for-profit sector).

Our Structure



* Also members of the Executive Team

Governance

The LSC is currently a Non-Departmental Public Body sponsored by the Ministry of Justice. However, ministers have announced that, subject to the necessary legislation, we will become an Executive Agency of the Ministry of Justice.

The Lord Chancellor and Secretary of State for Justice, is accountable to Parliament for our activities and performance. In addition, within Wales, the LSC maintains close links with the Welsh Assembly Government, in recognition of the devolved administration.

The Secretary of State appoints a board of independent Commissioners, who are responsible for establishing and taking forward the strategic aims and objectives of the LSC, consistent with its overall strategic direction and within the policy and resources framework determined by the Secretary of State.

The Chief Executive is the officer accountable for the delivery of legal aid and its associated reform programme. When the LSC moves to Executive Agency (EA) status new governance arrangements will be introduced. The board of Commissioners will be disbanded and a new board (chaired by the Chief Executive) with non-executive members will be put in place. The Chief Executive is expected to report directly to the Permanent Secretary at the MoJ.

Our Resources

Our **administration budget** for the 2011 - 12 financial year is £99 million. In addition, capital expenditure totalling £19m has been allocated to LSC projects, around half of which is for the completion of the Integrated Delivery Programme (see below).

The MoJ has also indicated the extent of the financial challenges we face over the rest of the SR10 period (2011- 12 to 2014 -1 5). We are confident that the plans set out in this document will allow us to deliver the necessary efficiency savings to live within our administration budget during 2011 - 12 but the LSC will face budgetary pressures throughout the entire SR10 period. This is particularly acute in 2012 - 13 where we anticipate facing significant funding pressures and a need to deliver additional cost savings.

We currently employ approximately 1,500 people across our offices in England and Wales and we are planning to reduce this to 1,185 by March 2015. Staff numbers are indicative only from 2011 – 12 onwards as numbers may vary, e.g. according to changing business needs and the take up of voluntary early departure schemes.

Our budget for the **Legal Aid Fund** for the 2011 - 12 financial year is £2,144 million. As with our administration budget, the MoJ has also indicated the reductions necessary to deliver the department's SR10 commitments. Our ability to reduce expenditure is directly linked to savings that are dependent on the final outcome of the legal aid reform programme, covered in more detail below.

Some elements of the proposed legal aid reforms would, if adopted, deliver savings in the legal aid fund in 2011 - 12. Subject to confirmation of these elements of the reform proposals, we are confident that in addition to existing savings initiatives that will be delivered in 2011 - 12, these will be sufficient to allow us to live within our 2011 - 12 fund allocation.

Legal aid fund savings in the remaining years of the SR10 period are dependent on the outcome of the legal aid reform programme that, depending on final decisions taken, is likely to require primary legislation.

Operating Environment

Strategic Direction

On 8 November 2010 the Prime Minister announced the publication of the MoJ's Business Plan for the next Spending Review period, 2011 – 15. This sets out a programme of radical reform which will ensure that the MoJ contributes to creating a sustainable and affordable justice system. The MoJ's reform priorities are:

1. Introducing a rehabilitation revolution
2. Reforming sentencing and penalties
3. Reforming courts, tribunals, legal aid and work with others in the delivery of criminal justice
4. Assuring better law
5. Reforming how we deliver our services

As an Executive Non-Departmental Public Body of the MoJ our strategic direction is set in the MoJ's Corporate Strategy for 2011 – 15, which outlines a single objective: to deliver a transformed justice system and a transformed department that is more efficient, more effective, less costly and more responsive to the public.

This sets the strategic context within which we must commission and administer a cost effective and good quality legal aid system.

The MoJ has a significantly reduced budget, some £2bn less by 2014 –15, and in future will have fewer people. The LSC will contribute to the MoJ's programme of reform in a number of ways, but principally through any legal aid reform taken forward following consultation and delivering our services more effectively. By the end of the Spending Review period (March 2015) the annual administration running rate will be £23m less (before adjusting for inflation); and, if the reforms consulted upon are fully implemented it is estimated that we will be spending £350m per year less than we do now on the provision of legal aid (this is in addition to the savings we expect to realise as a consequence of measures that we already have in place).

Legal Aid Reform

We will support the MoJ in reforming the legal aid system to make it work more efficiently, while ensuring that the necessary support is available to those who need it most and for those cases that require it.

Proposals for legal aid reform were developed in 2010, and these were published for consultation by the Secretary of State for Justice on 15 November 2010. The main thrust of the reform is to ensure that legal aid continues to provide support to those that need it most and for those cases that require it, whilst reducing the overall level of expenditure through the legal aid fund to £1.8bn by the end of the spending review period in 2015.

LSC will have a significant part to play in working through the approach with MoJ policy, analysis and finance colleagues so as to implement Ministerial policy on legal aid reform. LSC is prioritising the allocation of resources to support this programme of change to establish a sustainable legal aid scheme for the future.

Ministers plan to announce their response to the consultation later in Spring 2011. Some of the final reform proposals are expected to require primary legislation. It is expected that this legislation will also provide the vehicle for making the changes to the LSC's status from NDPB to Executive Agency.

Change to Executive Agency Status

At the same time we will be working with colleagues across the MoJ to reform the way we work. Our move, subject to legislation, to Executive Agency status means that we will work even more closely with our colleagues in the wider Department to benefit from shared corporate services such as procurement, information technology and estates. We will have a smaller corporate centre and we will focus our resources on the frontline and core business.

Qualification of accounts

Following the qualification of our 2008 - 09 and 2009 - 10 accounts, we are continuing to work through our Financial Stewardship programme to improve our financial and operational controls, improve the way we manage our providers and make financial recoveries of overpayments. In addition we are investing in an integrated accounting and operational system (the Integrated Delivery Programme) to help us modernise our processes.

This programme plays a key role in ensuring the LSC meets its objectives. We are working to commence a phased roll out of the case management system in 2012.

Benefits of the Integrated Delivery Programme (IDP):

- Electronic Working – improves efficiency for the LSC and providers through the reduction in paper handling, re-work arising from errors, and requests for further information. This will reduce administration cost,

rework and delay for all parties, and have a positive impact on the client experience through faster decision making and increased transparency.

- Improved Control – through the automated validation of electronic information, and automated calculations, improved evidence handling and document storage.
- Improved Debt Management – through enhanced cash collections services and an integrated debt management solution.
- Improved Financial and Strategic Reporting – through an integrated general ledger and chart of accounts for the LSC, and better management information.

Counter Fraud Strategy

The LSC is continuing to enhance its Counter-Fraud Strategy to improve our ability to identify and measure the risk of fraud. We will review and enhance the controls we have in place to prevent identified fraud risks. We will also look to work more closely with both government departments and regulatory bodies to enable joint working, sharing of intelligence and identify areas of best practice. Alongside this, we will continue to conduct investigations into allegations of fraud with a view to recovering money, using the sanctions available to the LSC in the most effective manner and pursuing prosecutions where feasible.

Working with Providers

Over the coming years, we will work to ensure delivery of legal aid through our providers for the benefit of clients and at value to the taxpayer. The policy will be formulated by MoJ Ministers and we will strive to implement this policy in the most efficient and effective manner. We will work directly with providers and their representative bodies to support independent quality measures in all areas of law; we are intending to continue to address sustainability by ensuring that our providers are appropriately remunerated in return for fast, accurate and good value services. We will use a range of mechanisms to establish market rates for services, including, but not exclusively, competition. This will allow the LSC the operational flexibility required to manage a complex provider and service delivery landscape, whilst remaining responsive to changing needs and priorities.

We will deliver the provider management strategy requiring providers to work within our fee schemes, bill correctly and report on time. We will strive to work in partnership with our providers, but where they fall short of our standards and expectations we will take a robust line on the recovery of overpayments, implement the appropriate sanctions and terminate contracts where appropriate.

Value and Efficiency

We will work to deliver increasing efficiency in the way we operate, and in the way we expect our providers to operate. We are committed to reducing the cost of managing the LSC. In common with all areas of public spending, the fund for providing legal assistance will reduce over the SR period. The Government has consulted on its proposals for the reform of legal aid, and we have built those planning assumptions into our plan, recognising that they are subject to change. Where the proposals involve significant changes to our systems or processes we have assumed that adequate funding will be made available to deliver additional change. We will continue to require our providers to deliver improved value for money, which we will help them to deliver by simplifying our requirements.

Vision, Strategic Objectives & Priorities

Our Vision

'We will work with our providers and the justice system to be a respected commissioner and administrator of legal aid.'

Our objectives and priorities for 2011-12

LSC Strategic Objectives	Priorities
<i>Commissioning and procuring services that provide timely access to quality legal advice for eligible clients</i>	<p>Procure services to provide access to legal help and advice within the resources available</p> <p>Work with the MoJ to implement the legal aid reforms the Government decides to make</p> <p>Once our Legal Aid Reform consultation document is published, develop a commissioning strategy demonstrating how we will endeavour to meet the needs of clients in the current climate</p> <p>Implement a coherent Provider Management Strategy to ensure that providers are visited on an agreed risk based approach with single point of contact</p>
<i>Use finances consistently and reliably to achieve value for money</i>	<p>Manage our budget effectively</p> <p>Continued improvement in how we produce our annual accounts</p> <p>Meet the timetables set for the production of accounts, starting with the Clear Line of Sight objectives</p> <p>Continue our programme of financial stewardship including recovery of overpayments and debt recovery activity</p>
<i>Improve our business by simplifying processes, driving efficiency and eliminating waste</i>	<p>Improved Quality Control / reduced error rates</p> <p>Contract simplification</p> <p>Improve complaints handling, Freedom of Information, information assurance, data protection etc.</p> <p>Business simplification</p>
<i>Build capability to ensure we have the right people with the right skills to meet our goals</i>	<p>Efficient organisational structure and roles in place for the Executive Agency within the budgeted headcount 2011 – 2012</p> <p>All staff understand their roles and the required knowledge, skills, competencies and values to deliver as we progress through the LSC change programme</p> <p>Robust, transparent HR processes in place to support organisational change</p>

How we will deliver our vision and objectives

1. Focus on meeting the needs of our stakeholders, providers and customers

This means that we will commission and procure services that allow access to advice when it is needed, manage the expectations of what can and cannot be delivered and continue to improve the service we provide.

2. Use the resources available to us responsibly

This means that we will use our allocation sensibly and with the constant view of achieving value for money for the tax payer. We will make sure that we utilise opportunities for shared services and working closely with the MoJ and other departments to join up services where possible. We will also continue to improve our financial control and develop our programme of electronic working.

3. Value each other and achieve more by working collaboratively

This means that we will support our people, and provide them with the skills they need to succeed in their roles. We will listen to each other, and treat colleagues and stakeholders in a manner in which we would like to be treated ourselves. We will be open to learning from each other, and other organisations.

4. Build trust by being open and honest

This means that we will provide constructive feedback and be honest, clear and supportive to our colleagues. We will not be afraid to challenge rigorously, but it will be done in the spirit of working collaboratively to come to a mutually agreeable solution. We will be aware of our own personal style communication styles, and will tailor this when necessary to meet needs of the audience while communicating key messages such as corporate aims in a consistent manner through every level of the organisation. We will continue to keep an open dialogue with the profession and other stakeholders and will communicate with them frequently and openly.

5. Treat everyone with respect, regardless of their background


This means that we will value and respect each other's differences and work to make sure that we commission and procure services in a fair manner that treats all people equally. We will be proactive in breaking down any cultural barriers that may arise; either in the workplace or in providing services.

6. Publish information on the provision of services

This means publishing publicly the volumes of work, the outcomes of cases, the costs of cases, the performance of firms and the performance of LSC processing teams. This information will demonstrate to the public that we are good administrators of casework and billing and good stewards of public funds.

How we will measure and report success

We will measure and report on the performance of the organisation in several ways. Firstly, we will play our part in the Government's Transparency Agenda by proactively reporting on information that will allow the public to determine whether we and providers are performing well. We are keen to do as much as we can to openly demonstrate how we are doing, and to be honest about where we need to improve.



More operationally, we will measure our core business throughout the year which will allow management to assess whether we are on track to meet our goals. These measures of performance will also be reported to the Ministry of Justice – our sponsors – so that they have assurance of how we are progressing. We will also regularly measure how we are advancing with the milestones outlined in this plan, and remedial action can be taken in good time to ensure that we keep on track for delivery of our key programmes of work.

Finally, our performance at the year end will be reported and published in our Annual Report, which will show what we have achieved.

Risks

There are challenges for the LSC in implementing the changes outlined in this plan whilst continuing to deliver our core business. The reductions in administration budget at the same time as implementing new processing systems will be no small task. We will devise new and innovative ways to deliver more for less and listen carefully to our stakeholders.

During this time the LSC will continue to ensure it keeps track of the key risks that are faced by the organisation. These will be managed and controlled wherever possible and effective escalation to sponsors will be in place.

Action Plan for 2011/12

The table below outlines the milestones that we will track during the year, and the date by which we hope to have completed that element.

Commissioning and procuring services that provide timely access to quality legal advice for eligible clients		
Milestone	Owner	Timing
Within 3 months		
Complete advocates graduated fee scheme phase one roll-out	Director of Case Management	30 April 2011
Implement agreed actions to deliver the success criteria in the Provider Management Strategy	Head of Contract Management	31 May 2011
Implement phase two fees (dependent upon legislation)	Director of Case Management	31 May 2011
Contract simplification proposals development	Chief Executive	1 June 2011
Publish outline commissioning strategy for stakeholder engagement	Director Legal Aid Commissioning and Contract Management	1 June 2011
Lessons learned from the 2010 civil and crime tender process with agreed recommendations	Chief Executive	30 June 2011
Agree management process for providers who become insolvent or withdraw to minimise financial exposure	Head of Contract Management	30 June 2011
Within 6 months		
Agree a plan for implementation of any scope/eligibility reductions proposed by the Government	Director of Legal and Service Development	31 July 2011
Publish commissioning strategy	Director Legal Aid Commissioning and Contract Management	31 July 2011
Agree a quality assurance framework for Contract Management	Head of Contract Management	31 July 2011
Prepare for Family retender (existing contracts due to expire 1 December 2011)	Director Legal Aid Commissioning and Contract Management	30 September 2011

Within 9 months

Agree with MoJ and Commission plan for crime competition	Director Legal Aid Commissioning and Contract Management	31 October 2011
Publish plan in respect of all other required tender activity taking into account the outturn exercise for the 2010 civil and crime tenders, indication of timelines for civil and crime going forward	Director Legal Aid Commissioning and Contract Management	31 October 2011
Implement any fee reductions by agreed date	Director of Legal and Service Development	31 October 2011

Within 12 months

Implement new Family contracts	Director Legal Aid Commissioning and Contract Management	31 March 2012
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Uses finances consistently and reliably to achieve value for money

Milestone	Owner	Timing
Within 3 months		
Close engagement with MoJ to cost agreed assumptions on the LARP proposals following consultations	Finance and Corporate Services Director	1 April 2011
Introduce enhanced assurance framework	Finance and Corporate Services Director	31 May 2011
Complete the Financial Accounts for Admin and respond to draft NAO Management Letter to improve internal control	Finance and Corporate Services Director	30 June 2011
Further improve all management account formats to be consistent with MoJ shared service and to reflect the new organisation and support decision making processes in the directorates	Finance and Corporate Services Director	30 June 2011
Review the financial controls planned under IDP and inform the decision making for detailed programme design	Finance and Corporate Services Director	30 June 2011
Develop with case management further improvements to financial stewardship and operational controls	Finance and Corporate Services Director	30 June 2011

Within 6 months

Fully consider and implement NAO management letter audit recommendations to improve internal control for Fund Accounts	Finance and Corporate Services Director	30 September 2011
Develop financial stewardship to take account of the Legal Aid Reform Programme proposals	Finance and Corporate Services Director	30 September 2011
New Crime and Civil Business partners working effectively across both finance and the business	Finance and Corporate Services Director	30 September 2011

Within 9 months

Identify and mitigate control weaknesses in Corporate Information Systems and Contracted Work Administration	Finance and Corporate Services Director	31 December 2011
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Please note that the milestones for the Integrated Delivery Programme (IDP) may change as they are subject to contractual negotiations, the approval of the business case and the completion of delivery plans.

Improve our business by simplifying processes, driving efficiency and eliminating waste

Milestone	Owner	Timing
Within 3 months		
Pilot location agreed for IDP	Director Integrated Delivery and Change	31 May 2011
Within 6 months		
Transition plan for case management agreed	Director of Case Management	30 September 2011
For VHCC Children/Family Cases we will introduce an "Event2 Pilot" for cases with one Counsel. This will reduce the case planning costs in return for a graduated fee approach	Director High Cost Cases	30 September 2011
Within 9 months		
IDP system available for internal training	Director Integrated Delivery and Change	30 November 2011
Application testing completed	Director Integrated Delivery and Change	31 December 2011

Within 12 months

Commence IDP implementation	Director Integrated Delivery and Change	31 January 2012
Client and Case Management System pilot commences	Director of Integrated Delivery and Change	31 January 2012
Electronic Data Records Management pilot commences	Director of Integrated Delivery and Change	31 March 2012
We will work as part of the VHCC Subgroup to develop and implement new Heavy Fraud Protocol if that proceeds	Director of High Cost Cases	31 March 2012

Build capacity to ensure we have the right people with the right skills to meet our goals

Milestone	Owner	Timing
Within 3 months		
Commence employee engagement programme on the vision	HR & OD Director	30 June 2011
Within 6 months		
Implementation and process plan defined to move staff into MoJ and shared services	HR & OD Director	30 September 2011
Complete employee engagement programme on the vision	Executive Team	30 September 2011
EA whole organisational structure designed	Chief Executive	30 September 2011
Within 9 months		
New job descriptions and evaluations completed	HR & OD Director	31 December 2011
Service Level Agreements agreed with MoJ for identified shared services	HR & OD Director	31 December 2011
Union consultation and staff communication plan in place for EA transition	Chief Executive / HR & OD Director	31 December 2011

Within 12 months

Inductions into EA and MoJ prepared	HR & OD Director	31 March 2012
Civil Service Common Curriculum communicated and integrated to all staff	HR & OD Director	31 March 2012
LSC roles mapped into EA structure	HR & OD Director	31 March 2012
Complete move to new senior structure	Chief Executive	1 April 2012

* Actions for EA transition are assuming we become an Executive Agency on the 01/04/12, but this is dependent on legislation

LSC Key Performance Indicators 2011-12

LSC Key Performance Indicators 2011 - 12		
Strategic Objective	KPI Heading	KPI Descriptor
Commissioning and procuring services that provide timely access to quality legal advice for eligible clients	KPI 1: Coverage	<ul style="list-style-type: none"> • Full coverage of duty rotas – 100% (i.e. sufficient firms in the relevant CJS area) • 98% CLS coverage per procurement area
Use finances consistently and reliably to achieve value for money	<p>KPI 2: Deliver the programme of work and savings initiatives which will enable us to live within the forecast fund budget for the 2011 – 12 financial year</p> <p>KPI 3: Implement the appropriate efficiency measures so that we can live within the administration budget for the 2011 – 12 financial year</p> <p>KPI 4: Financial Management</p>	<ul style="list-style-type: none"> • Additionally, we will monitor the average cost per case of legal aid • We will also monitor the success and benefit rates for our clients • Action recoveries to the value of £10m • Reduce debt by £10m • Reduce in year family error rates by 20%
Improve our business by simplifying processes, driving efficiency and eliminating waste	<p>KPI 5: Legal aid processing times and quality measures</p> <p>KPI 6: Customer service (complaints)</p>	<p>This KPI is made up of 12 measures that provide an indication of the customer experience based on the quality of service and speed of decision. To meet the overall KPI specified performance levels must be achieved for at least 10 out of 12 targets.</p> <p>Revised customer service scorecard dealing with complaints, MPs letters, Fol, DPA, Information Assurance</p>
Build capability to ensure we have the right people with the right skills to meet our goals	KPI 7: People and Performance Management	<ul style="list-style-type: none"> • Sickness absence days to be an average of 7.66 or fewer per person for the year • 99% of staff to have a Performance Development Review



The Legal Services Commission

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