

Corporate strategy and 2009/10 business plan

The company

Ombudsman Services is a not for profit company. Its purpose is to administer ombudsman services in accordance with its established Articles of Association and Terms of Reference for individual industry service sectors.

The ombudsman's purpose is to consider complaints made by the customers of service members that have chosen to nominate the service as their dispute resolution scheme. The service is free to complainants and independent of both industry and regulators.

Ombudsman Services currently administers three separate ombudsman services. The first, Otelo (Office of the Telecommunications Ombudsman), was established in January 2003. It provides complaint resolution for the domestic and small business customers of public communications providers that are members of the service. The service is an approved scheme under Sections 52-54 of the Communications Act 2003.

The second service, the Energy Supply Ombudsman, began on 1 July 2006. At the outset, this service was a voluntary service established on behalf of the six members of the Energy Retail Association in respect of their domestic consumers. On 1 April 2008, the service was expanded, again on a voluntary basis, to include the 11 members of the Energy Networks Association. At the same time its name changed to the Energy Ombudsman. In July 2008, the Energy Ombudsman was approved by Ofgem as the sole provider of redress in the Energy industry under the Consumer, Estate Agents and Redress Act 2007(CEARA). From 1 October 2008, the service expanded to provide redress for both the domestic and small business customers of all supply and network providers holding a relevant licence.

The third service, the Surveyors Ombudsman Service (SOS), began on 1 June 2007. The Service was established to provide alternative dispute resolution services for the Royal Institution of Chartered Surveyors (RICS) regulated firms. In August 2008 the service was approved by the OFT to run, from 1 October 2008, an approved estate agent redress scheme under the CEARA 2007.

All three ombudsman services are full voting members of the British and Irish Ombudsman's Association (BIOA).

The Council, which is the Non-Executive Board of Ombudsman Services, consists of nine Members, six of whom are independent of the service sectors. The balance of the Council consists of industry representatives from the service sectors. Its primary role is to appoint, maintain and safeguard the independence of the ombudsman. The Council is also responsible for setting and monitoring the key performance indicators and for approving the annual business plan as suitable for recommendation to the Finance Board for adoption.

The service is funded by its industry members. Each industry sector has a Member Board, elected by the member companies (although the SOS Member Board was set-up by RICS). The primary purpose of each Member Board is to review and monitor our overall performance, recommend budgets for approval to the Finance Board and set the fees for their own industry sector.

Strategic aims:

- We will provide a first-class service of dispute resolution for our members and their customers, through a well trained and motivated workforce and protecting the long term future for our stakeholders.
- We will offer models for dispute resolution that could be used in other industry sectors.

Values:

- In achieving our aims we shall be: accessible, accountable, consistent, honest, effective and efficient.

Strategic goals 2009/10 to 2011/12:

We shall:

- Maintain and seek to further develop ease of access and ease of use for all our services.
- Promote customer and stakeholder awareness of all services.
- Achieve high levels of overall satisfaction with the service among member companies and consumers.
- Meet the requirements of industry sector regulators in order to maintain our status as an approved ADR scheme.
- Maintain the Member Boards' confidence in our stewardship of resources.
- Safeguard Ombudsman Services by considering expansion as a means of adding value for our existing members and where the quality of service we provide can be maintained.

The Year Ahead: 2009/10

Ombudsman Services

After several years of expansion and change the year ahead should mainly be one of consolidation. We will focus on maintaining and improving the quality of work through performance and process improvements and developments to individual roles. We have also introduced a modular approach to our induction and training programmes. Our staff intranet will be used as the primary tool for internal communication. After a further round of upgrade and development during 2008/09, the ICT infrastructure is now well set to take us forward through the next few years.

We will continue to hold discussions with relevant organisations about expanding the service for example in light of the CEAR Act 2007. It is imperative that we identify the potential costs and level of work this may create, while giving consideration to whether this will add value for our existing members and maintain the quality of service we provide.

A challenge across all three of our sectors will be the effect of the current economic climate on our members' viability. Their customers are also likely to scrutinise their bills more closely.

Otelo

The number of cases accepted for investigation in 2008/09 was 6500. The contact ratio was [16:1]

The industry regulator is currently consulting on standards for signposting and on whether to reduce the period of time after which a complainant can access ADR from twelve to eight weeks. This may have some effect on Otelo during the forthcoming year.

The consolidation of membership, potential movement of members between ADR schemes and any internal platform changes of members should be monitored.

The industry also continues to experience changes in technology and the level of products available to consumers. In addition, there are the voluntary Code of Practice on broadband speeds and the mobile mis-selling Code of Practice (see links below). We also expect to see Ofcom's formal guidance on additional charges. This has already been in the public domain in consultation form.

These are issues which we will have to keep abreast of in order to keep providing a first class service. Based on this and the potential changes within the sector, the forecast for 2009/10 is 6000 cases.

<http://www.ofcom.org.uk/telecoms/ioi/copbb/copbb/copbb.pdf>

<http://www.ofcom.org.uk/telecoms/ioi/mbp/cop.pdf>

Energy Ombudsman

The volume of cases for 2008/09 was 4700 cases. This was lower than expected for the year.

The new environment for consumers brought about by CEARA and the political and media focus on fluctuating energy prices will inevitably raise the profile of the service.

The estimate for 2009/10 is 5250 cases.

Surveyors Ombudsman Service

The case numbers for 2008/09 were low in comparison with our other services.

Under the terms of CEARA, the SOS made a successful application to the Office of Fair Trading to become an approved redress scheme for estate agents. The primary reason for this was to provide a holistic service to RICS members. Since 1 October 2008 we have been investigating estate agency related complaints and our membership includes firms whether or not regulated by RICS.

The landscape for redress throughout the whole of the property sector is still very likely subject to change during the forthcoming year. The Carsberg review of residential property (standards, regulation, redress and competition in the 21st century) posed the idea of a joined up Property Ombudsman service which can ensure consistent consumer standards, encourage best practice and help to enhance the reputation of the sector. Although new to this area of business, it is important that we contribute to the discussions and consultations that will pave the way for joined up standards and schemes.

We have forecast a total of 250 cases to be investigated in the year ahead. It seems likely that the downturn will have a disproportionate effect on our SOS members.

Summary of objectives

Maintain and grow access to our service to members and potential members.

- Arrange regular contact with member companies with a programme of bilateral or group meetings. *(Operations)*
- Ensure a regular flow of information to member companies. Encourage members to use the extranet established for them. Maintain regular contact by email and telephone with members. *(Communications)*
- Explain the service to companies who have not yet nominated a dispute procedure and other organisations by speaking at industry events and by speaking with and providing material to industry focused publications and groups. *(Communications/Executive)*

Increase awareness of the service by members' customers.

- Work with member companies to ensure that appropriate messages are included in material sent to their customers and on customer bills. *(Operations/Communications)*
- Explain the service to consumer advisers, consumer journalists and relevant government agencies by speaking at consumer events and providing material to consumer focussed publications. *(Communications/Executive)*
- Ensure contact is maintained with consumer groups and the advice sector. *(Communications/Executive)*
- Publish an annual report including anonymised case digests and case statistics. *(Communications/Executive)*

Ensure a high level of satisfaction by members and their customers with the service delivered.

- Have appropriately trained staff available for members' customers when they call or write in with enquiries. *(Human Resources/Operations)*
- Meet all internally and externally set performance targets (see KPIs). *(Operations)*
- Improve the ways in which members and their customers can contact us. *(Information Communication Technology [ICT])*
- Extend the user satisfaction survey, including members and consumers, to provide a baseline against which future progress can be monitored and the need for improvements identified. *(Communications)*

Meet the requirements of the relevant industry regulators.

- Provide information as requested in line with the requirements for approval. *(Operations)*
- Maintain appropriate liaison meetings. *(Executive)*
- Meet any performance targets agreed. *(Operations)*

Maintain the confidence of the Finance and Member Boards in our stewardship of resources.

- Gain approval of the budget. (*Executive*)
- Manage the budget providing monthly data and answering questions posed by the Boards. (*Finance*)
- Demonstrate cost effective use of resources (*Executive*).

Key performance indicators (KPI)

These are intended to stretch the business toward high standards of performance whilst maintaining an affordable budget. Each KPI has been considered by the relevant member board and are considered appropriate for the sector

The key performance indicators by sector are:

For Otelo and Energy Ombudsman

Measure	Target
% of provisional conclusions issued within six weeks	> 90%
% of provisional conclusions issued after more than eight weeks	< 1%
% of calls answered by a member of staff within two minutes	> 80%
% calls answered by a member of staff within five minutes	> 95%
% written correspondence responded to with a substantive response within 10 days	>100%

For the Surveyors Ombudsman Service

Measure	Target
% of provisional conclusions issued within [6] weeks	> 90%
% of provisional conclusions issued after more than [10] weeks	< 1%
% of calls answered by a member of staff within two minutes	> 80%
% calls answered by a member of staff within five minutes	> 95%
% written correspondence responded to within 10 days	> 100%

The Council will measure each service against these targets.

Risks: 2009/10

The executive report to Council each month contained a section that reported on these four key risks.

1) Changes in membership

Due to the economic climate increasing the risk of member company failure or takeover or dissatisfaction with our service there is an increased risk of a decrease in revenue. This could create a domino effect whereby a higher cost recovery per member company would drive changes in behaviour culminating in further revenue reductions.

2) Volume change

A number of factors have been identified that could lead to unplanned increases in case volumes or non value-added premature contacts.

- Due to the current economic climate and/or possible fluctuations in wholesale energy costs, the number of complaints and enquiries increases as people seek to reduce their costs. This results in increased workloads and staffing levels with the effect of space issues, potential overcrowding and low morale.
- A poor understanding of Ombudsman Services' role amongst consumer bodies could result in an increase of non value added contacts resulting in pressure on KPIs and complainant dissatisfaction.
- Economic factors mean that members lose resource in key customer service areas resulting in an increase in contacts and complaints stretching Ombudsman Services resource and capacity and possible adversely affecting KPIs and staff morale.

3) Reputation

The failure of our members to provide remedies to complainants either at all or in good time will result in an increased workload including complaints, poor reputation and damage to morale.

Failure to add resource to ombudsman team in order to reduce a significant final decision backlog will result in increased complaints from our members and complainants leading to a real risk to reputation and delivery of KPIs.

A reduction in our investment into technical training could result in failure to provide a consistent high quality level of service. This could result in poor quality work, increase representation levels and complaint levels and impact on reputation with stakeholders.

4) Performance of IT systems

Our IT systems are at the core of our business and a reduction in the availability of any of these would have a serious impact on our ability to deliver a high standard of service to our stakeholders. The risk will be managed in conjunction with our disaster recovery plan.

Risks: 2008/09

In January 2008 workshops were held with all members of staff at which risks to our business were identified and discussed. From these four key strategic risks for 2008/09 were identified.

1) Volume change

There was an unplanned increase in energy contacts and cases (compared to the 2008/09 budget) as a result of CEARA 2007 (both the closure of energywatch and the addition of small business cases). This led to a further increase to staff and the pool of self-employed case workers, along with incentives to staff to undertake additional work has provided the flexibility needed to manage this. The energy members agreed to fund the necessary recruitment 'ahead of the curve' based on revised estimates.

2) IT failure

The disaster recovery plan was approved by the audit committee and Council. This was subsequently tested and found to be fit for purpose.

A Project Assistant was also recruited to assist the Chief Operating Officer in dealing with any IT related problems which occurred.

A staff intranet was successfully launched as a hub of information for the business. We have a dedicated member of staff in place to ensure this continues to be developed.

3) Changes to regulation and accreditation criteria i.e. potential loss of approval from a regulator

Ofcom – Ofcom published its consultation document: Review of ADR and Complaints Handling procedures in July. We responded to this in which we highlighted the disparity between existing ADR services and that it would be good practice to for all PCPs to inform their customers of the existence of independent redress as part of their general service descriptions. We await its final response.

Ofgem – following approval from Ofgem as the only redress scheme for energy companies, we have agreed a MoU with it and our staff continue to receive regular training.

OFT – following approval from the OFT as a redress scheme for estate agents, to which many significant changes to the scheme were agreed, we have agreed a MoU with it and have continued to liaise with regards to performance monitoring of the scheme.

4) Increased staff turnover

Quarterly reports were provided to Council. Staff turnover levels were minimal throughout the reporting year. Due to the expansion of the Energy Ombudsman and SOS services, additional vacancies arose throughout the company. Several new posts were also created as a result.

Budget

The budget for Ombudsman Services is constructed on the basis of the estimated case volumes for each sector. The total case volume being used for planning purposes is forecast at 11,650 cases, 11,795 for 2008/09 as per the table below.

	2009/10	2008/09
Otelo	6,000	6,800
Energy – Supply	5,250	4,700
Energy – Networks	100	65
Energy – Small suppliers	50	-
Surveyors Ombudsman Service	250	230

The total budgeted costs of Ombudsman Services for 2009/10 are £4.62m. The cost breakdown is shown in the table below along with the comparative for 2008/09.

Expenditure	2009/10	2008/09
Council Fees & Expenses	(107.8)	(113.4)
Staff Costs	(3,638.5)	(3,542.9)
Recruitment & Training	(36.0)	(48.6)
Occupancy	(240.1)	(185.5)
Office Run Costs	(147.6)	(162.4)
ICT	(270.5)	(235.0)
Travel & Subsistence	(48.0)	(54.8)
Legal & professional	(11.2)	(12.8)
Corporate communications	(94.1)	(122.1)
Depreciation	(24.8)	(33.8)
Bank Charges	(1.8)	(2.5)
Bad Debt	0.0	0.0
IA Costs	0.0	(0.4)
TOTAL EXPENDITURE	(4,620.3)	(4,514.0)

Costs are attributable to each service based on their levels of activity. The costs to be recovered from each service are:

Service	£'000
Otelo	£2,210.0
Energy – large suppliers	£2,119.5
Energy – Small suppliers	£19.1
Energy – networks	£49.9
Surveyors	£120.2
Reserves	£101.6

Given the uncertainty of predicting the case volumes for the year set against the background of current economic climate, it has been considered prudent to recover some of the attributed costs for the year from prior year surpluses.

The budget will be reviewed on a quarterly basis.

Headcount

The headcount is derived from the budgeted activity levels using an agreed ratio of contacts to cases.

The departmental headcount is shown in the table below.

Department	FTEs
Chief Ombudsman and corporate staff	14.1
Ombudsman	3
Enquiries	59
Investigations	46.5