

Meeting	OLC Board Meeting	Agenda Item No.	4
		Paper No.	148.3
Date of meeting	29 July 2026	Time required	30 Minutes

Title	Governance Refresh: Scheme Transformation review of governance
Sponsor	Laura Stroppolo, Head of Programme Management & Assurance
Status	OFFICIAL
To be communicated to:	Members and those in attendance

Executive summary
This paper presents a refreshed governance framework for the Legal Ombudsman, designed to strengthen oversight, clarify accountabilities and support effective delivery of both business as usual operations and the Scheme Transformation Review. The proposed model responds to increasing organisational complexity, external scrutiny and the need for a more coherent and proportionate assurance structure. It addresses current challenges, including overlapping forums, unclear roles and inconsistent assurance routes, by establishing a clearer separation between strategic oversight, operational delivery and independent scrutiny. At Board level, accountability for transformation remains unchanged. The Board retains responsibility for setting strategic objectives, approving overall investment and key enabling strategies, and ensuring alignment with risk appetite and value for money. To support this, the paper introduces a Board Transformation Sub-Group (BTSG), which will provide focused scrutiny, challenge and assurance on transformation delivery, enabling the Board to take informed decisions at key points in the programme lifecycle. The paper sets out a clear governance architecture, defining the distinct roles of: • The OLC Board, as the accountable strategic decision-making body for transformation • The BTSG, as the primary forum for detailed scrutiny, challenge and assurance, making recommendations to the Board • The Executive, as responsible for delivery, programme control and decision-making within agreed delegations This is supported by a structured assurance pipeline from delivery through to Executive and Board, alongside strengthened programme management capability to ensure delivery confidence, effective risk management and continuity of service.

Decision-making responsibilities are explicitly clarified, including the respective roles of the Board, BTSG and Executive in relation to transformation objectives, roadmap, design, gateways, spend and risk. A proportionate governance rhythm is proposed, with regular BTSG scrutiny, quarterly Board reporting and the introduction of a standardised transformation dashboard incorporating performance, financial, risk, people and stakeholder insight.

The proposed model also strengthens alignment with Managing Public Money and external expectations, including those of the Legal Services Board, through a clear focus on value for money and public value. BTSG's role will include explicit consideration of transformation delivery against the principles of **economy, efficiency, effectiveness and equity (the "4Es")**, providing enhanced assurance on delivery performance and outcomes.

To support understanding of the proposed governance arrangements, a governance decision-making and assurance flow diagram has been included at Appendix B, providing a visual representation of how assurance, scrutiny and decision-making operate across the transformation governance structure.

As part of the governance refresh, the role of the existing Performance Sub-Group (PSG) has been reviewed. Given the implementation of the new forecasting model and the importance of supporting the 2027/28 Business and Budget Planning process, the PSG will remain in place on a time-limited basis. This will provide continued oversight and challenge of organisational performance, forecasting and resource planning while the new arrangements are embedded. The future role of PSG will be reviewed following completion of the 2027/28 planning cycle.

Recommendation / action required

The Board is invited to:

- **Endorse** the proposed governance framework and assurance model
- **Agree** the establishment of the Board Transformation Sub-Group (BTSG)
- **Approve** the BTSG Terms of Reference in **Appendix A**

Equality Diversity and Inclusion

EDI implications

Yes

The refreshed governance framework supports inclusive and equitable decision-making by strengthening transparency, clarifying accountabilities and embedding consideration of stakeholder impact within core governance processes. Enhanced oversight through the BTSG, alongside integrated performance, risk, financial and stakeholder insight, will improve visibility of outcomes and enable more effective identification and challenge of any disproportionate impacts on different groups, supporting the organisation's commitment to fairness, accessibility and inclusion.

Freedom of Information Act 2000 (Fol)

Paragraph reference

Fol exemption and summary

N/A

N/A

Value for Money (VfM)

The proposed governance model strengthens the organisation's ability to secure and demonstrate value for money by introducing clearer accountability, more robust scrutiny and structured decision-making aligned to Managing Public Money. The BTSG provides focused oversight of transformation delivery against the principles of economy, efficiency, effectiveness and equity, while improved reporting and assurance arrangements enhance financial discipline, prioritisation and risk management, providing greater confidence that resources are used effectively and intended outcomes and public value are delivered.

Governance Refresh: Scheme Transformation Review

1. Purpose

This paper sets out a refreshed governance framework for the Legal Ombudsman, aligned to the organisation's evolving operating model, risk profile and Scheme Transformation Review.

It provides an overview of current governance arrangements, the proposed future-state model (including revised Terms of Reference), and a phased implementation approach to ensure governance arrangements remain proportionate, effective and aligned to transformation delivery.

2. Rationale

LeO has experienced increasing demand, complexity and external scrutiny, alongside the development of the Scheme Transformation Review. While current governance arrangements have supported delivery to date, they have evolved over time and are now characterised by:

- A high number of forums with overlapping membership and purpose
- Blurred boundaries between strategic oversight and operational management
- Inconsistent and sometimes informal assurance routes across performance, risk, finance, people and transformation

In this context, there is a need to reset governance across the organisation to:

- Support delivery of transformation alongside business-as-usual
- Provide a clear and consistent assurance pipeline
- Align with public sector expectations and Managing Public Money principles
- Enable leadership focus at the right level

This model does not change accountability; it clarifies focus. The Executive Team remains collectively accountable, operating as a single unified leadership group, while enabling greater senior leadership capacity for external engagement and ensuring operational ownership sits clearly with Executive Directors.

3. Overview of the governance structure

The revised governance structure is built around a clearer separation of roles between the Executive Team (ET) and the Senior Leadership Team (SLT), supported by strengthened links to delivery forums, programme boards and the OLC Board and its committees.

At its core, the model establishes:

- A clear forum for **strategic leadership and organisational oversight** (ET)
- A clear forum for **operational leadership, delivery and management** (SLT)
- A structured assurance pipeline from delivery to Executive to Board

This approach strengthens accountability, improves decision quality and reduces reliance on informal escalation routes.

4. Transformation governance architecture (overview)

The transformation governance model provides a clear and proportionate framework for decision-making, assurance and delivery across the organisation.

- The **OLC Board** retains overall accountability for transformation, including approval of strategic objectives, overall investment and key enabling strategies
- The **Board Transformation Sub-Group (BTSG)** provides focused scrutiny, challenge and assurance on delivery confidence, making recommendations to the Board where required
- The **Audit and Risk Assurance Committee (ARAC)** retains responsibility for oversight of risk management, internal control and assurance, receiving escalation where transformation risks impact the wider organisational risk profile
- **The Remuneration and Nomination Committee (RemCo)** provides oversight and assurance in relation to people, leadership, organisational capability and workforce planning, ensuring the organisation has the capacity, skills and culture required to successfully deliver transformation and longer-term strategic objectives.
- The **ET** is responsible for delivery, programme control and decision-making within agreed delegations
- The **Transformation Programme Board and supporting governance (including programme management capability)** provide oversight of delivery, risks, dependencies and benefits realisation

This structure ensures clear accountability, avoids duplication and provides the Board with confidence that transformation is being delivered in line with strategy, risk appetite and public value expectations.

5. ET – Role, Focus and Assurance

The ET is the primary collective leadership forum for LeO, with a deliberately strategic and assurance-led focus.

Under the revised Terms of Reference, the ET:

- Sets organisational strategy, business plan and budget
- Oversees performance, risk and internal controls
- Provides oversight of financial performance and emerging pressures
- Maintains strategic oversight of transformation programmes
- Acts as the primary escalation point to the OLC Board and its committees

The ET does not manage delivery in detail. It receives structured assurance from SLT and delivery forums, tests that assurance, and determines escalation where required.

6. SLT – Role, Focus and Assurance

The SLT is the organisation's primary operational and delivery forum.

It:

- Manages day-to-day performance and service delivery
- Maintains grip on risks, issues and dependencies
- Leads workforce planning and capability
- Tracks financial performance and pressures
- Escalates material issues to the Executive Team

This ensures that issues are managed early and proportionately, enabling the Executive Team to focus on strategic oversight.

7a. Transformation Governance: Board, Sub-Group and Executive Roles

The transformation governance model establishes a clear distinction between Board-level accountability, sub-group scrutiny, and executive delivery.

The **OLC Board** retains overall accountability for transformation, including approval of:

- Strategic objectives and intended outcomes
- Overall transformation budget and investment profile
- Key enabling strategies

The Board receives independent assurance that transformation delivery is aligned to strategy, risk appetite and value for money expectations.

The **BTSG** acts as the Board's primary forum for detailed scrutiny and assurance. It:

- Reviews delivery confidence, risks, dependencies and performance
- Provides challenge on alignment to strategy, financial stewardship and public value
- Makes recommendations to the Board where required

The **Executive** retains responsibility for delivery and operational decision-making, including:

- Development of transformation design and roadmap
- Day-to-day delivery management
- Delivery within agreed financial delegations

The Executive has established a structured approach to programme delivery, including dedicated transformation governance and programme management capability, to ensure appropriate control, coordination and assurance. This approach is designed to ensure that delivery of the Scheme Transformation Review is effectively resourced and managed, while maintaining continuity and performance of business as usual operations.

As part of the refreshed governance model, the PSG will continue in operation on a transitional basis to support implementation of the new forecasting model and provide focused oversight of organisational performance, forecasting and resource planning during the 2027/28 Business and Budget Planning cycle. This arrangement will be kept under review to ensure governance remains proportionate and aligned to organisational needs.

In summary, the Board retains decision-making authority and accountability for transformation; the BTSG provides detailed scrutiny, challenge and assurance to support Board decisions; and the Executive is responsible for delivery within agreed delegations.

7b. Transformation Decision-Making and Delegations

Decision-making responsibilities are clarified as follows:

- **Strategic objectives and overall budget** – approved by the Board
- **Transformation roadmap and sequencing** – developed by the Executive, scrutinised by BTSG
- **Design principles and delivery approach** – led by the Executive, with assurance to BTSG
- **Programme and project gateways** – A structured gateway process is operated at Executive level, with formal stage-gate reviews undertaken through the Transformation Programme Board. Gateways provide assurance on delivery readiness, affordability and alignment to strategic objectives prior to progression between phases. The BTSG receives assurance on gateway outcomes and delivery confidence, with escalation to the Board where decisions exceed delegated authority or represent key inflection points.
- **Transformation spend within agreed limits** – delegated to the Executive
- **Risk management** – managed by the Executive, scrutinised by BTSG and reported through ARAC

This ensures decisions are taken at the appropriate level, with clear accountability and transparency.

The governance model also recognises the role of the Legal Services Board (LSB) in providing approval to progress from discovery to the design phase of the Scheme Transformation Review.

Appropriate governance, assurance and documentation will support this decision point, including clarity on delivery approach, costs, benefits and risks.

Where relevant, transformation activity will be structured to allow for staged commitment of funding, including the use of break points or decision gates, ensuring that investment decisions remain proportionate, evidence-based and aligned to value for money expectations.

7c. Transformation Assurance and Oversight

The refreshed model distinguishes clearly between **executive control** and **Board-level scrutiny**.

The Transformation Programme Board provides consolidated oversight of delivery, risks, benefits and financial performance, acting as the primary escalation point to the Executive Team.

The BTSG provides independent scrutiny and:

- Tests delivery confidence and assumptions
- Considers transformation risks in the context of the wider organisational risk profile
- Complements the role of ARAC, avoiding duplication
- Reviews stakeholder and colleague feedback to inform assurance on delivery confidence

The Board will retain responsibility for setting overarching AI principles and ethical frameworks, with BTSG receiving assurance that transformation delivery aligns with these principles.

The BTSG operates alongside, and does not duplicate, the role of ARAC.

- **ARAC** retains oversight of the organisation's risk management framework, internal control environment and audit activity

- **BTSG** focuses specifically on transformation delivery, including risks, dependencies and delivery confidence
- Where transformation risks have material implications for the wider organisational risk profile, these will be escalated through established risk reporting routes to ARAC

Insight on colleague experience and organisational impact will also inform wider workforce and culture considerations, with escalation through appropriate governance routes, including RemCo where relevant.

Given the increasing role of technology and automation within transformation, the governance model also supports oversight of emerging areas such as artificial intelligence.

As part of its role, the BTSG will explicitly consider transformation delivery against the principles of **economy, efficiency, effectiveness and equity (the “4Es”)**.

This will support robust assessment of value for money, delivery performance and outcomes, and ensure alignment with external expectations, including those of the Legal Services Board and Managing Public Money.

The sub-group will operate as a **time-limited forum** aligned to the lifecycle of the transformation programme, ensuring governance remains proportionate.

7d. Transformation Reporting and Governance Rhythm

A clear reporting structure will support effective oversight:

- The **BTSG** will meet on a quarterly basis, with flexibility to align to key decision points
- The **Board** will receive a **quarterly transformation update**, with approvals outside the cycle as required
- A **standardised transformation dashboard** will provide visibility of progress, risks, benefits and financial performance
- **Stakeholder and colleague insight** will be incorporated into reporting to provide a rounded view of delivery confidence

This ensures a predictable and proportionate governance rhythm aligned to Board and committee cycles.

8. Financial Stewardship and Risk Visibility

The revised governance model strengthens integration between financial oversight, risk and operational delivery.

- Financial risks are considered alongside delivery and people impacts
- Material risks are visible at Executive level in a timely way
- Responsibilities for managing and escalating risk are clearly defined

This supports compliance with Managing Public Money and strengthens organisational assurance.

9. Next steps

Subject to OLC Board endorsement:

- Revised Terms of Reference will be finalised and implemented
- Governance Framework and accompanying governance documents and ToRs will be updated and shared for approval – December 2026
- Governance forums and reporting will align to the new model
- Secretariat arrangements will be strengthened to support assurance
- The governance model will be kept under review as transformation progresses

Board Transformation Sub-Group Terms of Reference (ToR)

1. Purpose

The Board Transformation Sub-Group (BTSG) is a sub-committee of the Board. It provides independent oversight, challenge and assurance on LeO's transformation programme, ensuring it remains aligned to strategic objectives, delivers value for money, and is managed within agreed risk appetite.

2. Scope

The BTSG oversees:

- Strategic alignment of transformation activity
- Delivery confidence and benefits realisation
- Financial stewardship and assessment of transformation activity against the principles of economy, efficiency, effectiveness and equity (the '4Es'), ensuring delivery represents value for money
- Key delivery risks, issues and mitigations
- Readiness of matters for full OLC Board decision

Assurance covers delivery confidence, benefits realisation, financial stewardship and risk management across the transformation portfolio.

3. Responsibilities

The BTSG will:

- Scrutinise progress, risks, issues and benefits
- Challenge assumptions, delivery confidence and resourcing
- Seek assurance on programme governance, gateway outcomes and controls
- Review proposals for changes to scope, funding or timelines
- Undertake deep dives into areas of delivery risk, performance or concern
- Consider stakeholder and colleague insight to inform delivery confidence
- Provide assurance on readiness of key decision points, including stage gates and major investment decisions
- Recommend decisions or escalations to the OLC Board
- Support the OLC Board in discharging its oversight responsibilities for transformation

4. Decision Making Authority

The BTSG:

- Has no delegated authority to approve material decisions
- Provides assurance to the OLC Board on the readiness and robustness of proposals, including business cases, delivery strategy and key decision points
- Makes recommendations to the OLC Board
- May approve advice or guidance to the Executive where delegated by the Board

5. Membership

- Chair: Non-Executive Board Member
- At least two additional Non-Executive Board Members
- Chief Ombudsman / Accounting Officer (in attendance)
- Director of Strategy, Planning and Assurance (Transformation Lead)
- Executive leads by invitation

6. Quorum

Chair plus one Non-Executive Board Member.

7. Frequency

- Quarterly, with additional meetings aligned to key decision points

8. Reporting

- Actions, decisions and escalations to be captured
- Verbal update by the Chair to be provided to the OLC Board after each meeting

9. Relationship with Other Committees

- The BTSG provides independent challenge and assurance on transformation delivery, drawing on Executive and management assurance without duplicating delivery governance
- The BTSG will maintain clear lines of interaction with ARAC and RemCo where transformation activity gives rise to material risk, assurance, people, capability or workforce implications. ARAC will retain oversight of risk, control and assurance matters, while RemCo will retain oversight of people, remuneration and workforce-related matters. The BTSG will consider these issues only insofar as they affect transformation delivery confidence, benefits realisation, resourcing or readiness for Board decision, and will escalate or refer matters to ARAC, RemCo or the OLC Board as appropriate.
- Does not duplicate Executive delivery forums

- Escalates assurance concerns to the Board or ARAC as appropriate

10. Secretariat

Provided by the Executive Support Team, in liaison with Strategy, Planning and Assurance Team.

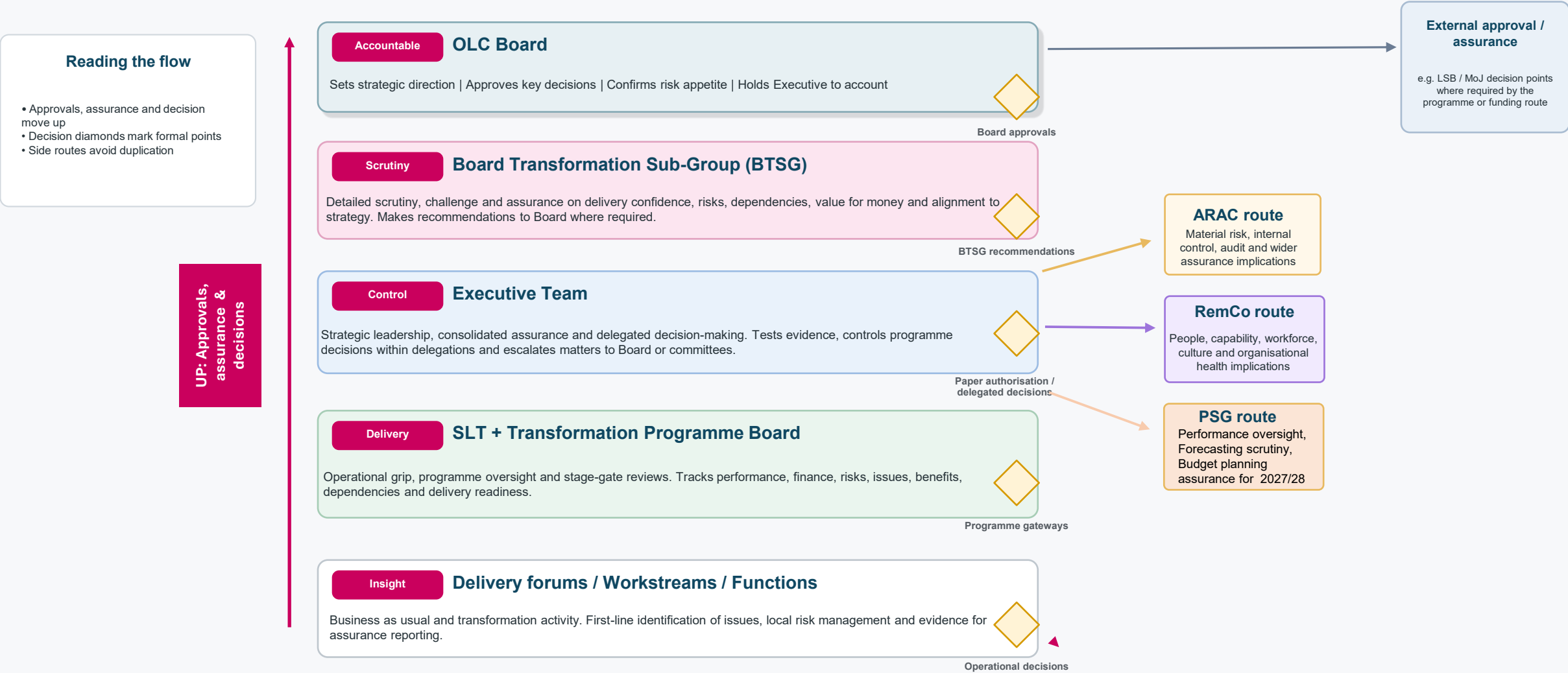
11. Review of ToR

The BTSG operates as a time-limited sub-group aligned to the lifecycle of the transformation programme.

Reviewed annually and approved by the OLC Board.

How decision-making and assurance flow through LeO’s refreshed governance model

From delivery insight to Executive control, Board scrutiny and accountable decisions



Governance rhythm: Quarterly BTSG scrutiny | Quarterly Board transformation update | Standardised transformation dashboard | Escalation by exception at key inflection points