

# Office for Legal Complaints (OLC) Operating Framework

## 1. Foreword

The OLC is a statutory body, established by the Legal Services Act 2007 (the Act), and is accountable to both the Ministry of Justice (MoJ) and the Legal Services Board (LSB).

Section 117 of the Act requires the Legal Ombudsman to “**have regard to such generally accepted principles of good corporate governance as it is reasonable to regard as applicable to it**”, and the purpose of this document is to demonstrate how the OLC is discharging this obligation under the Act. As a statutory body, the OLC complies with the Corporate Governance in Central Government Departments: Code of Good Practice 2017 (the Code) where it is deemed practical and relevant to its circumstances.

The OLC will review and update this Operating Framework at least every two years.

## 2. Role

The OLC was established to provide consumers of regulated legal services with access to an independent and impartial Ombudsman scheme. The Ombudsman can resolve complaints involving their service provider whilst at the same time driving systemic improvement by feeding back information that helps service providers improve and informs the expectations of consumers of those services. In October 2010 the OLC established an Ombudsman scheme for the legal sector, which is called the Legal Ombudsman (LeO).

The OLC is the Board to which the LeO Executive is accountable for the effective delivery of the scheme.

LeO's purpose is to provide a service where disputes are resolved efficiently and with the minimum of formality, by an independent person. In fulfilling this purpose, it is informed by the best practice of those who administer Ombudsman schemes. Further details of LeO's delivery of these schemes can be found in the OLC Annual Reports and LeO's strategy and business plans. These are available from the LeO website.

### The Regulatory Objectives

The OLC is required by Part 6 of the Legal Services Act 2007 (the Act) to operate in a way that promotes the regulatory objectives as set out in section 1(1) of the Act:

- protecting and promoting the public interest;
- supporting the constitutional principle of law;
- improving access to justice;
- protecting and promoting the interests of consumers;

- promoting competition in the provision of services;
- encouraging an independent, strong, diverse and effective legal profession;
- increasing public understanding of the citizen's legal rights and duties;
- promoting and maintaining adherence to the professional principles (acting with independence and integrity, maintaining proper standards of work etc.).

The OLC's Annual Report will include details of the extent to which it believes that LeO has met the requirements of the regulatory objectives.

### **Membership of the OLC**

The LSB, with the approval of the Lord Chancellor, is responsible for appointing a Chair of the OLC for a term of three to five years. The appointment is subject to a pre-appointment hearing before the Justice Select Committee. The committee's views are non-binding but the Lord Chancellor and LSB will consider any relevant conclusions and recommendations before finalising the appointment.

The LSB, after consultation with the Chair, is responsible for appointing at least six, but not more than eight OLC Board members for a fixed period of up to five years. The LSB must ensure that a majority of the members are lay persons. The LSB is responsible for ensuring that the OLC Board skills, experience and knowledge reflects not only its current jurisdiction, operating environment and challenges but also any potential future risks and changes in focus that might require different skills.

Both the LSB and OLC are aware of the provision in the Act (para 3(1) of Schedule 15) allowing an ombudsman to be appointed as a member of the OLC Board but the OLC do not currently choose to recommend to the LSB that they should utilise this provision.

A person who has held office as a member may be re-appointed once only, for a further period (whether consecutive or not) not exceeding five years.

A member may at any time resign from office by giving notice to the LSB. A member may also be removed from office by the LSB subject to the provisions outlined in the Act. The Chair of the OLC may be removed from office subject to the provisions outlined in the Act but only with the consent of the Lord Chancellor.

Detailed role requirements and person specifications for both the OLC Board Chair and members are held by the LSB.

Under the terms of the Act (section 122(1)(a)), the OLC must appoint a Chief Ombudsman.

Under the terms of Managing Public Money (para 3.2.3) the Principal Accounting Officer will normally appoint an Accounting Officer for the OLC. Whilst this may be the Chief Ombudsman, it may also be some other person employed by the OLC under the terms of the Act (para 13 of Schedule 15). Pending the appointment of a new Chief Ombudsman, to whom the Principal Accounting Officer will delegate the functions of Accounting Officer, the current arrangements

are that the Principal Accounting Officer has delegated the functions of Accounting Officer for the OLC to one of the Joint Interim Chief Executive Officers.

The Chief Ombudsman, and pending their appointment the Joint Interim Chief Executive Officers, are supported by an Executive Team. The OLC has delegated relevant day-to-day authority in accordance with its scheme of delegation, to facilitate the management of LeO and deliver the day-to-day operation of the LeO scheme.

Role requirement and person specification for the Joint Interim Chief Executive Officers is held by LeO. The role requirement and person specification for the Chief Ombudsman will also be held by LeO and will be periodically reviewed and updated by the OLC board.

### **OLC committees and sub groups**

The OLC is supported in its stewardship by three committees; the Audit and Risk Committee (ARAC); the Remuneration and Nomination Committee (RemCo); and the Public Interest Decisions Committee (PIDCo) and one Sub Group; the Performance Sub Group.

ARAC is responsible for providing appropriate independent oversight and advice to give assurance to the OLC and Accounting Officer that:

- Risk assessment and mitigation is embedded into financial and non-financial management processes;
- Governance arrangements are appropriate and operating effectively;
- Financial reporting is consistent with Financial Reporting Manual (FRoM) accounting policies;
- The financial control framework is effective;
- Internal Audit assurance provides an appropriate level of comfort; and
- The relationship with NAO is effective allowing a professional external audit.

RemCo is responsible for the overall remuneration approach and policy relating to all members of staff working within the LeO scheme.

PIDCo is responsible for considering applications from the Chief Ombudsman, made on behalf of LeO, to authorise the publication of a report of the investigation, consideration and determination of a complaint made under the Legal Ombudsman Scheme, in accordance with the OLC Publishing Decisions Policy.

The OLC may establish such other committees as it considers appropriate to assist with the exercise of its functions.

All committees will have Chair (lay or non-lay) but will have a majority of lay members in attendance.

The Performance Sub Group (The PSG) is responsible for providing assurance to the Board around the robustness and integrity of the forecasting model. The PSG has a particular role to play during the Budget and Business Planning process,

providing a further level of assurance to the wider Board.

The PSG will be chaired by will be a non-executive member of the OLC Board. It will consist of three members, including the Chair and will have a quorum of two.

### **Decisions and reporting**

The OLC will ensure that LeO operates management information and accounting systems. These systems enable LeO to report in a timely and effective manner on its performance, both financial and non-financial, against the budgets and targets set out in the business plan.

After the end of each financial year, the OLC will publish an annual report of its activities together with its audited annual accounts. As required by the Act (Section 118 and para 26(3) and (4) of Schedule 15), a draft of the report will be submitted to the LSB and the MoJ in accordance with a mutually agreed timetable, prior to the proposed publication date.

Matters reserved for the approval of the OLC are detailed in the Schedule of Matters Reserved and Scheme of Delegation.

In addition, the OLC shall receive reports for approval, decision or information as necessary, and may include items listed in the Scheme of Delegation, such as:

- performance against targets;
- progress against business plan milestones;
- performance against key efficiency measures;
- management information relating to use of resources compared to budgets, cash flow and balance sheet movements.
- the management of key risks;
- the management of relationships with other bodies; and
- progress and status of major projects.

The OLC will publish the Schedule of Matters Reserved and the Scheme of Delegations on the LeO website. These will be reviewed regularly, but in any event at least every two years.

### **3. Remit**

The OLC operates in accordance with the principles of good governance, as advocated in the Code:

- **Leadership** – articulating a clear vision for LeO and giving clarity about how policy activities contribute to achieving this vision, including setting risk appetite and managing risk;
- **Effectiveness** – bringing a wide range of relevant experience to bear, including through offering rigorous challenge and scrutinising performance;
- **Accountability** – promoting transparency through clear and fair reporting; and
- **Sustainability** – taking a sensible, long-term view about what LeO is trying to achieve and what it is doing to get there.

In accordance with these principles, the OLC will:

- support and, where appropriate, challenge the Executive Team and senior staff in directing the business of LeO in as effective and efficient way as possible with a view to the long-term health and success of the organisation;
- support and, where appropriate, challenge the Accounting Officer in the discharge of all obligations set out in Managing Public Money;
- safeguard the independent discharge of the functions of the Chief Ombudsman;
- collectively affirm and document its understanding of LeO's purpose and document the OLC's role and responsibilities in a board operating framework;
- maintain a formal schedule of matters reserved for OLC discussion, i.e. those which should not be delegated to committees, and review and update the operating framework from time to time; and at least every two years;
- act corporately and objectively when discharging its responsibilities;
- support actions to ensure that, where appropriate; staff comply with all the relevant LeO policies and procedures;
- ensure that the OLC's reporting obligations to Parliament, the Ministry of Justice and LSB are met effectively and efficiently; and
- ensure OLC committees (RemCo, ARAC and PIDCo) are chaired by a non-executive board member and have clear terms of reference agreed by the OLC.

The OLC should also receive adequate and timely feedback on the work of its committees and be able to consider their decisions formally.

In addition;

- OLC members should act in the public interest in keeping with the Nolan principles of public life;
- the OLC's activities should be recorded and communicated as appropriate within LeO. The OLC will normally invite members of staff to observe all or part of their meetings; and
- where OLC members have concerns which cannot be resolved about the running of the OLC, LeO or a proposed action, they should ensure that their concerns are recorded in the minutes.

#### **4. Effectiveness**

As part of a regular review of OLC effectiveness, the Chair of the OLC will:

- encourage all OLC members to express their views frankly and challenge constructively to improve the standard of discussion in OLC meetings.

As part of a regular review of OLC effectiveness, the Chair of the OLC in conjunction with the LSB will:

- periodically assess the mix of skills and experience of the OLC members for sufficiency and relevance to the evolving role of LeO and changes in the wider context in which the organisation operates.

An evaluation of the effectiveness of the Board and its Committees will be conducted annually, under the leadership of the Board / Committee Chairs.

All individual Board Members will be appraised annually by the Chair. This appraisal will include any feedback provided by any relevant Committee Chair(s).

The OLC Chair will arrange for the annual appraisals to be sent to the LSB.

The process for evaluating the performance of the Chair of the OLC is maintained by the LSB.

### **Induction, development and training**

The Chair of the OLC, through the OLC Board Governance Manager, should ensure that new OLC members receive a full formal and tailored induction on joining the Board. This induction should cover such issues as:

- the principles of corporate governance in government, in particular how they relate to an Arm's Length Public Body;
- the requirements of Managing Public Money, in particular how they relate to an Arm's Length Public Body;
- the role(s) of the OLC and individual OLC members, including expectations of corporate behaviour; and
- the specific business of the OLC and LeO and the markets within which they operate.

The emphasis of the induction will vary depending on the individual and their experience and knowledge of the public sector and the organisation.

The Chair of the OLC should ensure that:

- all new OLC members attend appropriate training events for Public Sector Non-Executive Board Members; and
- OLC members are given access to appropriate cross-government networks and training.

### **Board information**

Papers submitted to the OLC should be relevant, concise and enable the OLC to understand the background and issues for effective debate and, where appropriate, decision. Every quarter the OLC will receive quarterly updates about performance, risks and issues in the following key areas: Operational Delivery, Impact and Engagement, People, Quality & Service and Finance.

Information should be drawn from readily available and reliable sources and care taken not to duplicate reporting requirements, or to collect information that is not used.

Information should cover the main areas of the OLC's responsibilities and the OLC

should agree the form and content of regular reports it considers appropriate. The OLC may consider other reports as required from time to time.

In general, all papers will clearly include:

- the name of the member of the LeO Executive Team who has sponsored the writing of the paper;
- the name of the author of the paper, if different from above;
- the name of the person who will present the paper, if different from above;
- an Executive Summary of the paper;
- the status of the paper, e.g.;
  - For decision
  - For noting
  - For information etc.
- any Equality Diversity and Inclusion implications
- any Freedom of Information exemptions which may be required in respect of the content of the paper, and
- an assessment of Value for Money implications.

### **OLC Board Governance Manager**

The OLC Board Governance Manager shall be accountable to the OLC, report directly to the Head of Programme Management & Assurance (with direct access to the Chief Ombudsman, Joint Interim Chief Executive Officers and Chair of the OLC) and shall be a member of the LeO Management Team and a regular attendee at Executive Team meetings.

The OLC Board Governance Manager shall possess appropriate skills and should receive appropriate training to enable them to adequately discharge their duties. This should be supported by clear backing from the Chief Ombudsman, Joint Interim Chief Executive Officers and Chair of the OLC.

The OLC Board Governance Manager may also have other responsibilities, as agreed with the Board, which may include:

- Propose and arrange the Board and committee meeting cycle and Annual Plan.
- Attending meetings and producing accurate, clear timely minutes.
- Monitoring delivery of actions required as a result of Board and Committee meetings.
- Acting as a key contact point for OLC members.
- In relation to Board or committee business, liaison with LSB, MoJ and other stakeholders to act on behalf of the Chair or Board members.
- Proactively identifying new developments in best practice, particularly in relation to NDPB's.
- Any other duties the Chair / Chief Ombudsman / Joint Interim Chief Executives see fit.

### **OLC Rules of Procedure (Terms of Reference)**

The OLC shall have a separate document that details its rules of procedure and

its membership. This will be reviewed by the Programme Management & Assurance function at least once every two years and any changes (other than those required to reflect the changing membership of the Board) must be approved by the OLC Board. The document will be available on the LeO website.

## **5. Risk Management**

The OLC will ensure that an effective system of risk management is in place and this shall be monitored and reviewed by the ARAC.

ARAC will independently evaluate the effectiveness of systems established by management to identify, assess and manage risk. Particularly:

- the risk management strategy for key risks and processes (including fraud);
- the Executive's ownership and accountability in relation to these risks including escalation and de-escalation procedures;
- the level of assurance provided on the management of key risks, including those identified by the OLC or in Group business plans / risk registers; and
- the consideration of any action necessary to counter identified deficiencies within the organisation and making recommendations to the OLC and/or Executive as deemed appropriate

## **6. Accountability**

The OLC is a statutory body accountable to both the Ministry of Justice (MoJ) and the Legal Services Board (LSB). The details of these governance arrangements are contained within:

- A Framework Agreement between the MoJ and the OLC;
- The Budget Variation (BV) communication issued by the MoJ;
- A Memorandum of Understanding between the LSB and the OLC; and
- A Tri-partite Operating Protocol detailing how the relationship between the three bodies will operate in respect of the oversight of the OLC and LeO.

Nothing in these governance arrangements will interfere with the independence of the Chief Ombudsman. In no circumstances will the OLC, intervene or engage in correspondence on substantive issues in relation to the determination of an individual dispute by an Ombudsman, either at the stage of initial determination or, if a complaint (service related or otherwise) is made, about the substance of a decision after the event. The OLC will always encourage the MoJ and LSB to do likewise.

## **7. Other governance matters**

### **Corporate and business planning**

The OLC will ensure that the Chief Ombudsman prepares a corporate plan every three years and business plan annually. The contents will reflect the OLC's statutory duties and, within those, its contribution to the MoJ's strategic objectives

and specific targets set or required by the LSB.

The corporate plan will cover three years ahead and the business plan will detail the activities to be undertaken to achieve that plan during one specific business year, allowing for detailed budgeting and resource allocations. The OLC will informally consult the MoJ and LSB on the issues to be included, the timetable for preparation, and the indicative budget, ahead of formal consultation with other stakeholders.

### **Security**

The OLC will ensure that the Legal Ombudsman provides an annual assurance report to the MoJ in support of the Permanent Secretary's accountability for security arrangements across the MoJ including its NDPB's and Agencies and that there is an Information Assurance (IA) policy in line with Ministry of Justice IA policies.

### **Complaints from service providers and the public**

The OLC will ensure that LeO has a published policy for the handling of complaints about the Chief Ombudsman and members of Legal Ombudsman staff.

Complaints about the OLC members, including the Chair will be dealt with under a separate LSB policy.

### **Freedom of Information and Data Protection**

The OLC will ensure that LeO;

- has appropriate measures in place to protect the security and confidentiality of all personal data;
- has an FOIA Publication Scheme as per the Information Commissioner's model and registers with the ICO as a data controller;
- maintains a central monitoring record of FOIA and DPA requests received and dealt with;
- has an accounting process to record and account for any payments required for any FOIA or DPA requests; and
- disclose all ministerial directions that would be subject to public disclosure under the Freedom of Information Act 2000 (were an appropriate request made) in the governance statement for the period in which the direction was granted.

### **OLC responsibilities for LeO staff**

Within the financial arrangements approved by the Lord Chancellor and the Treasury, in terms of managing public money, the OLC will have responsibility for the recruitment, retention and motivation of its people. To this end the OLC, through RemCo, will ensure that:

- its rules for the recruitment and management of people create an inclusive culture in which diversity is fully valued; where appointment and advancement are based on merit; and where there is no discrimination on grounds of gender,

- marital status, sexual orientation, race, colour, ethnic or national origin, religion, disability, community background or age;
- the level and structure of its staffing, including gradings and numbers of people, is appropriate to its functions and the requirements of efficiency, effectiveness and economy;
  - the performance of its people, at all levels is satisfactorily appraised and the appraisal process is reviewed from time to time;
  - its people are encouraged to acquire the appropriate professional, management and other expertise necessary to achieve the OLC's objectives;
  - proper consultation with people takes place on key issues affecting them;
  - adequate grievance and disciplinary procedures are in place.

### **Reviewing the role of the OLC**

The role of the OLC will, from time to time, be reviewed by the MoJ to ensure that it remains relevant in the light of changes to the external environment and to government policy. The precise timing and nature of any such review will be agreed between MoJ, and OLC and may taking account of the timing of any similar review of the LSB.

In the event that the OLC is wound up following such a review, the MoJ and OLC will follow the arrangements set out in Para 113 of Annex C of the Framework Document between the MoJ and OLC.