

Meeting	OLC Board Meeting	Agenda Item No. Paper No.	6 138.5
Date of meeting	29 April 2025	Time required	15 Minutes

Title	Chief Ombudsman Executive Report
Sponsor	Paul McFadden, Chief Ombudsman
Status	OFFICIAL
To be communicated to:	Members and those in attendance

Executive summary	
<p>Strong operational performance over Quarter 4 delivered closure levels at the upper end of forecasts, with annual performance exceeding 8,250 closures, a 4% increase on 2023/24.</p> <p>2024/25 also saw a 3% reduction in the number of cases awaiting allocation and an overall reduction in combined customer journey times from 304 to 282 days. The rate of reduction was less than originally forecast as a result of continued increased demand which continues to represent LeO's significant strategic challenge, 2024/25 seeing an 11.6% annual increase in consumers seeking LeO's help (core demand) and a 20% increase in demand for in-depth investigations.</p> <p>Following detailed engagement with LSB in advance of an following March's LSB Board meeting we received LSB's approval of the 2025/26 budget and business plan and an 11.4% increase in LeO's funding. This now allows LeO to recruit the planned additional investigative resource which will help increase rate of reductions in CJT and cases awaiting allocation in the face of demand increases.</p> <p>The delivery of LeO's strategic objective on impact continued in quarter 4 with the development of LeO's approach to the wider use of powers to publish ombudsman decisions in the public interest (with the OLC Board Public Interest decisions Committee (PIDCo)) due to meet in Quarter 1 to consider the first round of publications before the end of Quarter 1), the publication of the first "spotlight" news article using insights derived from casework and publication of the first of LeO's quarterly complaints data reports. Significant progress was also made engaging with regulators on the development of model complaints handling best practice and initiation of LeO's tailored support programme with those providers requiring support.</p>	
Recommendation / action required	
Board is asked to Note the report	
Equality Diversity and Inclusion	
EDI implications	Yes
The Chief Ombudsman's report provides a summary of activity and performance across all areas of LeO's strategic and operational focus, including in relation to LeO's customers and people and specifically updating on LeO's EDI activity. The report, therefore, covers a wide	

range of areas with overarching relevance to LeO's EDI focus and the potential for EDI-related impacts. These are considered routinely across business areas as appropriate.

Freedom of Information Act 2000 (Fol)	
Paragraph reference	Fol exemption and summary
N/A	N/A

Performance against LeO's strategic objectives

1. Strategic objective for LeO's service: LeO resolves complaints fairly and effectively, providing an excellent customer experience

Relevant strategic risks and issues	<ul style="list-style-type: none">▪ Strategic Issue SI01: Unacceptable queue of cases▪ Strategic Issue SI02: Absorb demand volatility▪ Strategic Risk SR01: Failure to meet business plan improvements in customer experience
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LeO's performance

LeO delivered high resolution performance in 2024/25

2024/25 resolution performance finished the year at the top end of forecast ranges. Quarter 4 continued the trend of quarterly resolutions close to or above likely ranges, bringing the annual performance on resolved complaints to almost 8,300 resolved cases, a 4% increase on 2023/24.

Despite an almost 20% increase in demand, the number of in-depth investigations awaiting allocation to investigators also marginally reduced with an annual decrease of 3%. Unallocated investigations now sit at 3,275 customers, outside the forecast range despite closure performance being at the upper end of ranges. This is as a result of increased demand across the year and higher than expected sickness absence (and resulting reallocations) in quarters 1 and 2.

LeO is confident that high levels of performance will continue and improve in 2025/26, in line with 2024-27 strategic aims and 2025/26 Business Plan. LeO is assessing process and digital initiatives to increase efficiency and reduce the number of customers waiting and customer journey time.

Demand for LeO's service remains high

Demand remains a significant challenge with 2024/25 exceeding the upper end of half year increased forecasts. Core demand – the combined demand across both Early Resolutions and In-depth Investigations – increased over the year by 10.6%, equating to a further 800 cases requiring investigation in 2024/25. This was against an

expectation that demand would reduce by 15% because of changes made to scheme rules time limits in 2023/24.

Quarter 4 in isolation actually saw a decrease of 5% compared to the same quarter in 2023/24, albeit that demand in that year was unusually high as that was when LeO had started clearing the backlogs created by the scheme rules changes.

The long-term demand trend remains clear, however, and LeO is developing its understanding of the drivers and potential mitigations as we move into 2025/26. Through our learning and insight work, we are building an approach to identifying areas where LeO can have a direct impact at an individual firm level through 'tailored support'. Over the coming year this will be complemented at a broader sector level by increasing the volume of data and insight we publish, including through more frequent data releases and our new 'Spotlight' series

Investigator attrition has more than halved

Reduced attrition levels have been a contributing factor to LeO's high resolution performance. Investigator attrition has reduced by 52% from a peak of 33% in 2023/24 to 16.1% in 2024/25 and has ended the year below likely-case assumption. The ongoing commitment to improving LeO's employee value proposition, staff engagement, and people culture, combined with continuous learning and changes to investigator working practices, induction and onboarding have all helped deliver a positive workplace environment. LeO is optimistic that this sustained lower rate of attrition will continue into 2025/26, though ever alert to the continued risk of market forces beyond LeO's control.

LeO customers' experience

Customer journey time

Customer journey time and wait times reduced marginally in 2024/25, with expected larger reductions having been hampered by increases in demand. Across all complaints LeO resolved in 2024/25, including early resolution and those investigated in full, 45% were resolved within 90 days.

For almost half of the complaints resolved, the average time of closure remained consistently low, finishing the year at an average of 46 days. Overall, combined customer journey times reduced by 7.2% from 304 in 2023/24 to 282 in 2024/25, although it should be noted that times fluctuate throughout the year as complexity case flows vary.

When compared to Quarter 4 2024 the average time customers were waiting for an

investigation reduced by 12.5% from 216 to 189 days. Similarly, the average time taken for an in-depth investigation to be allocated to an investigator dropped by 7.2% from 344 to 319 days in the same period.

LeO remains focused on improvements in 2025/26 which, subject to the impacts of demand, will help deliver further reductions in investigation customer journey and wait times over the year.

Quality and customer satisfaction

Overall, the standard of LeO's casework remains high. Performance against quality metrics, for cases resolved by way of Early Resolution and by Ombudsman decision remain encouragingly high.

Despite an encouraging improvement in the previous quarter, in Quarter 4 quality of investigations (particularly with reference to the fair and reasonable outcome metric) has dropped back to levels seen in Quarter 2. Analysis of quality review data suggests that more focus is needed on ensuring that LeO's customers are given enough information to make fully informed decisions on the outcome of their cases.

LeO's investigations customers continue to feed back their concerns around delays and a lack of case progression and this is also reflected in the results of quality reviews against the service metric for cases that require in depth investigation.

LeO's new quality framework has been in place for most of 2024/25 and significant data has been collected around the quality of casework. Whilst ensuring that operational delivery is not detrimentally impacted, the focus over the coming year will be on using this increased level of insight to identify areas for individual and organisational improvement.

2. Strategic objective for LeO's impact: LeO's independent voice and experience lead to improvements in legal services

Relevant strategic risks and issues	Strategic risk SR06: Failure to deliver new impact objective
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Regulatory and stakeholder engagement

2025/26 Budget and Business Plan

The 2025/26 Budget and Business Plan was published on 09 April 2025, and a copy of the final plan was circulated for Board colleagues' interest and information.

As Board members will be aware, whilst the LSB Board approved 98% of the OLC budget ask for 2025/26, it did not approve the 'transparency' element of the budget relating to publishing summaries of ombudsman decisions. In light of this decision, LeO has enhanced activities and outputs that were already within the framework of the plan for 2025/26 to make clear the commitment to deliver improved transparency – even without that specific budget provision for publishing decisions. This is the key change from the plans approved by the OLC Board for submission to the LSB.

The package of wider initiatives to enhance casework transparency includes a clearer commitment to making use of existing powers to publish decisions where it is in the public interest to do so (covered in more detail in a dedicated section below) and sharing more insight and case studies to enable the sector to learn and improve from what we see. The details of LeO's evolved approach is outlined in more detail on pages 23-25 of the published business plan.

Since publication, LeO's plans for 2025/26 have been the focus for a small number of media articles in the legal and national press. Whilst these articles have covered the significance of demand and the sector response needed to improve standards of service and complaint handling, some concerns have been expressed about the increase in LeO's budget. An article published by The Times also focused on consultation feedback from the Law Society and the Bar Council that LeO should continue to focus on its 'core aim' of resolving complaints rather allocating resource to learning and impact work.

LeO is developing a proactive strategy for engaging key stakeholders on the basis for LeO's approach to learning and insight, including LeO's approach to increasing transparency of learning from our casework decisions, how LeO can best support the sector to improve complaints handling and understanding and reducing demand for LeO's help.

Reshaping Legal Services

In March the OLC Chair, Chief Ombudsman and LeO Executive Team colleagues attended the LSB's Reshaping Legal Services conference. The conference was focused on issues including professional ethics within the sector, access to justice and public trust.

The conference provided the platform for the LSB to launch its consultation on 'Upholding Professional Ethical Duties'. The consultation focuses on the identification

of several types of conduct that fall short of public expectations of lawyers and seeks views on a draft statement of policy. The Chief Ombudsman and the Communications, Engagement and Impact team are actively considering LeO's response to this consultation and its alignment with evidence from complaints and LeO's own approach to working with regulators and the sector to help change complaints handling culture.

Wider engagement

LeO met with the Birmingham Law Society in March to discuss opportunities for learning and insight to be delivered at a more local level amongst law societies. This forms part of LeO's plans for developing wider stakeholder relationships to ensure a comprehensive picture of engagement including enhanced engagement with the profession and professional bodies around the drivers of increased demand, the basis for LeO's strategic approach to learning and insight and the ways in which LeO can work with and support the sector to improve.

The Chief Ombudsman and Executive Team colleagues met with counterparts at the Pensions Ombudsman and the SRA during the quarter. The Chief Ombudsman has also continued to engage with the MoJ on points of policy and governance.

Transparency of LeO's decisions

Public Interest Decisions

As part of the wider focus on transparency, LeO has committed to making better use of its powers to publish reports of ombudsman decisions where it is in the public interest to do so. The aim is to publish between 30-50 such decisions in 2025/26 and, in doing so, highlight some of the most significant instances of individual or systemic poor service and key points of learning that LeO sees in its casework.

In 2024/25 processes have been developed and put in place to enable potentially suitable decisions to be assessed for publication; a number of potentially suitable cases have already been identified. External legal advice has been obtained on the risks involved in an increased level of publication and the steps that can be taken to mitigate such risks. OLCs Public Interest Decisions Committee has been re-formed and the first formal meeting of that Committee is scheduled for May, where a decision will be taken on whether to publish a number of decisions. It is expected that the first Public Interest Decisions will be published in Quarter 1.

Improving legal sector complaint handling

Complaints handling best practice

Following on from the February OLC Board workshop, significant further progress has been made on the development of LeO's complaint handling best practice, including a Model Complaint Resolution Procedure (MCRP).

LeO has, and continues to, engage and collaborate with all of the legal regulators on the development of the MCRP, accompanying tools, guidance, template letters and the provision of individual support for legal service providers. A second meeting of our Regulator Forum was held on 26 March. In the Forum meetings, LeO has focused engagement on how it can best utilise its knowledge and experience of complaints to develop tools to support service providers improve their in-house complaints handling, alongside the more general support it may be able to provide for regulators for the implementation of sector-wide first tier complaint requirements.

The forum reached broad agreement on the proposal to integrate LeO's MCRP into the regulators' regulatory frameworks, thereby making it possible to enforce the adoption of the MCRP as a single sector wide framework. The regulator's made it clear that this would require LSB to agree to extend the November 2025 deadline for regulators to adopt LSB's S.112 requirements around complaints handling. Unfortunately, despite being supportive of LeO's plans the LSB were unable to extend their deadline, emphasising the time that had already elapsed since the s.112 requirements were published and their commitment to ensuring this was implemented. Although this does potentially represent a missed opportunity to drive consistency and greater cultural change across the sector, LeO is continuing to work with regulators on a joint approach to developing a MCRP as best practice guidance to support each of the regulators' individual published rules implementing the LSB's S.112 requirements.

Plans are already in place to collaborate with the regulators and the sector to pilot the MCRP with a number of service providers over the summer to help assess the functionality of the MCRP and revise this as required. This pilot will also help LeO identify where training and support materials are required to support improvements.

In wider engagement with the SRA, SRA outlined thematic research it has conducted to understand barriers to good complaints handling (which included instances of providers delaying the investigation of a complaint, complaints not being dealt with through the formal process and data inaccurately recorded, and a lack of wider organisational/ management oversight to ensure consistency of approach and embracing scope for improvement). Further meetings have been scheduled

throughout the year to discuss both complaints handling and other collaborative opportunities.

Tailored support for service providers

Another key element in LeO's work to improve legal sector complaints handling is the introduction of a tailored support programme. This aims to provide dedicated support to a number of service providers who demonstrate significant failings in their handling of complaints and consequently generate significant demand for investigations.

LeO continues to work with relevant regulators to identify service providers who might benefit from access to tailored support, collaboration informed by the analysis of LeO's own data and insights to identify providers where support might be beneficial.

Meetings have already taken place with a number of service providers, identified on the back of LeO's data, to establish their appetite for working together and work is ongoing to roll tailored support out to a wider section of providers on a phased basis. LeO has also been approached directly by another service provider who is actively seeking support to address the issues it has experienced with its own first tier complaint handling.

Sharing insights to improve complaints handling and prevent complaints

Insight 'lifecycle' and work in Quarter 4

At the OLC Board workshop in February, LeO presented its plans to continue to build insight capability in 2025/26, based on the concept of an insight 'lifecycle'. This framework, which guided LeO's work in Quarter 4 (and will continue to do so in the coming year), sets out the essential building blocks that will be put in place to create a coherent, effective and sustainable approach to insight at LeO, and which will support and provide structure for the delivery of the strategic impact objective.

Across Quarter 4 LeO's insight team has put in place a number of methods for harnessing insights and intelligence (both internally and externally) such as creating an internal insight email inbox to enable operational colleagues to highlight trends and insights. It has also put in place a framework for communications which reflects government best practice.

Specific outputs that have already been delivered during Quarter 4 include interactive internal insight sessions at Brumfest (to raise awareness of the value of insight with new staff) and the development and publication of the first "Spotlight" insight article on Stamp Duty Land Tax which received encouraging positive coverage and

feedback. Plans are in place for another spotlight article on delays caused by third parties to be published in May.

The first Spotlight article has been well received by the sector, the media and other stakeholders and work is now ongoing to analyse the impact of the article to assess whether changes in approach need to be made for future releases. The team has also begun its first trial case file review of 200 complaints, to test how these might be conducted at a larger scale in the future.

3. Updates on strategic enablers and supporting strategies

3.1 People and culture

Relevant strategic risk	Strategic Risk SR02: Leadership resilience Strategic Risk SR07: Staff attrition – Corporate and Operations roles Strategic Risk SR08: Staff attrition – BAU Investigators
Strategies relevant to update	People and EDI

People performance

Overall attrition and investigator attrition both increased during the quarter but, at 13.4% and 16.1% respectively, remain within the 19% target. Of the 16 leavers during the quarter most were from corporate roles, although March saw six investigators leave, two due to retirement.

Sickness absence levels remain high but have shown a slight decrease compared to the end of Quarter 3. Absence management continues to be a key focus for HR – the outcomes of the ‘deep-dive’ review on long-term and recurrent absences are currently being assessed by HR and LeO’s employment law solicitors to assess next steps. The HR Business Partners continue to work closely with managers to enable timely intervention on absence management and a raft of HR and equality initiatives are in place to support employees, including improved wellbeing resources and support through LeO’s employee benefits offer; regular internal comms on wellbeing, including mental health; wellbeing champions; a Reasonable Adjustment Policy and reasonable adjustment passports.

People Strategy

2024-27 People Strategy

The 3-year strategy is reviewed annually to ensure it remains relevant and is able to respond to any changing requirements and context. Key additions for 2025/26 make specific reference to the high-level people and equality implications of LeO's evolving digital transformation and AI strategy, both across the business and in HR.

The 2025/26 deliverables in the People Strategy take account of the implications of HR resource and leadership transition as the Head of People Strategy and Services moves on at the end of April 2025. The 2025/26 action plan strikes a balance between continuing to build on the good progress to date and taking the first steps in developing new priority areas such as workforce planning.

Progress against 2024/25 People Strategy deliverables

Significant progress has been made against all of the 2024/25 deliverables and other HR/people-related activity throughout the year. As well as continuing to build on the progress already made to date across a wide range of HR activity, during 2024/25 new areas of work have been developed and progressed, all of which support LeO's ambitions to become an employer of choice and further develop and refine the people strategy going forward.

Areas to note include the development of a new attraction and retention strategy and succession planning and talent management framework, both of which will help drive the People Strategy themes of 'attract, recruit and retain' and 'develop and support'.

The ongoing Leadership Development Programme continues to focus on equipping LeO's managers with the knowledge and skills needed to deal with people issues consistently and fairly. Bespoke guidance sessions were delivered to managers on flexible working and the new protections in relation to sexual harassment. A new Aspiring Managers programme is currently in development, the key aims of which will be to equip first-time managers with the skills they need, increase LeO's leadership capability, and support succession planning.

HR resource

Interviews for the Head of People and Culture post are planned for early May. Interim arrangements are in place pending a permanent appointment to the role to ensure a smooth transition and continuity of service.

Engagement with LeO's people

Staff Council

The commitment to employee engagement continues with the refreshed Staff Council. Regular meetings have taken place since its relaunch in October 2024, with a range of topics covered for discussion – these have included the new hybrid working model, updates on business planning and stakeholder engagement and formal consultation on a number of HR policies. The Head of People Strategy and Services and Lead Staff Council Representative have also been working closely together to help shape and embed the role of the new Staff Council going forward.

The annual meeting of Staff Council and RemCo members took place in March, with key areas of discussion being the 2024 People Survey and views on how the new Staff Council arrangements were working. The meeting was positive, with representatives showing high engagement and commitment to their roles.

Civil Service People Survey

Detailed analysis of the 2024 Civil Service People Survey has been completed and shared with RemCo members at their March meeting. The findings have been shared with colleagues and, as was the case last year, 'safe space' meetings will be taking place with the networks during April to explore further the experiences of staff with protected characteristics and caring responsibilities. Manager-led sessions with individual teams will also be held during May/June to obtain further feedback/insights. Findings will inform the 2025/26 People Strategy deliverables and ED&I Strategy and action planning where applicable.

Equality, Diversity and Inclusion (EDI)

In Quarter 4, vulnerable customer champion training was delivered for 18 LeO members of staff across different functions of the organisation. Line managers also participated in a dyslexia awareness training session which completed a trio of sessions that were delivered across 2024/25.

Events were held to celebrate Race Equality week, LGBTQ+ history month and International Women's Day. LeO's Social Mobility survey was extended to include Senior Ombudsman and Ombudsman roles, and the results of the survey presented a highly positive picture of LeO as an inclusive and socially diverse organisation where individuals, whether recruited externally or having progressed internally, can attain leadership roles regardless of socio-economic background.

3.2 Relationships and collaboration

Strategies relevant to update	Knowledge and insight (in development)
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LeO has continued to build on the engagement with legal regulators across Quarter 4 with regular information sharing and engagement at strategic and operational level. LeO has also engaged with all of the legal regulators and the LSB in relation to the development of complaints handling best practice and the shared wider commitment to improving first tier complaint handling across the sector.

There has been wider engagement with the Legal Services Board in relation to LeO's plans to revise its approach to case fees in 2025/26.

LeO attended and presented at the Sole Practitioners Group conference.

3.3 Systems and intelligence

Strategies relevant to update	Digital transformation strategy (in development)
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Phase two of a Lean process review was completed in Quarter 4 as expected, with almost 20% of operational staff contributing in some way to this detailed review. This now moves to considerations and implementation stage which will involve work across the business to design and deliver process changes.

LeO has also been working with a specialist technology consultancy as we develop LeO's digital transformation strategy, AI governance policy and to identify areas of the business with potential for leveraging technological solutions. This is complementing work completed by GIAA to deliver generative AI solutions, starting with elements of drafting for LeO's internal service complaints function. This work has now advanced to development after a successful proof of concept, with live implementation expected towards the end of Quarter 1.

3.4 Value for Money, resources and governance

Relevant strategic risk	Strategic Risk SR03: Budget Variance against forecast
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End of year budget variance and unit cost

The 2024/25 budget variance showed an underspend of £119,615 (-0.7% of the 2024/25 budget) which is within the MOJ 1% tolerance level. The Executive met monthly to review finances and noted recruitment challenges for new and

replacement corporate positions. Regular monitoring and timely mitigating actions were implemented throughout the year.

The Strategic Scorecard shows a substantial increase of 22.4% in the total unit cost for Quarter 4, attributed to increased year end spend. There was also an increase in cost for both early and investigated resolutions due to overtime required for attending AI training sessions, guidance sessions for complying with new employment legislation on sexual harassment, and participation in the Lean process review working groups.

Strategic Risks

Relevant strategic risks and issues	Strategic Risk SR05: GPA Birmingham Hub Strategic Risk SR02: Leadership Resilience Strategic Issue SI02: Absorb Demand Volatility
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The Executive concluded the year with one issue and two risks out of tolerance.

The issue of demand volatility exceeded forecast levels during quarter 4, and surpassed both the original forecast of 3450 and the half year reforecast of 4050-4250.

Additionally, the risk related to leadership resilience has increased in likelihood due to the announced departures of the Chief Ombudsman and Head of People Strategy and Services over the next six months, pushing this risk out of tolerance. The GPA risk, as reported in quarter 3, remains out of tolerance and will be closely managed through 2025/26 as more information becomes available.

The 2024/25 GIAA audit plan has concluded, with the final three audits - Stakeholder Management, Contract Management, and Supplier Payments - all receiving a moderate audit opinion. As we begin 2025/26, there are 11 audit actions, all of which are on track to be closed by their respective deadlines. The 2025/26 audit plan is currently under review and discussion with the ARAC Chair and Chief Ombudsman. Five audits have been provisionally planned, but LeO is managing this against a 30% GIAA fee increase and is exploring alternative solutions to potentially reduce the plan to four audits whilst maintaining appropriate levels of assurance and annual audit opinion – this will be shared with ARAC members for their consideration.