

<b>Meeting</b>	OLC Meeting	<b>Agenda Item Paper No.</b>	5 138.4
<b>Date of meeting</b>	29 April 2025	<b>Time required</b>	15 minutes

<b>Title</b>	<b>Board effectiveness update</b>
<b>Sponsor</b>	OLC Chair
<b>Status</b>	<b>OFFICIAL</b>

### Executive summary

The OLC Board actively considers its Board effectiveness on an annual basis. At its last update in April 2024, it particularly focused on themes emerging from the Board's annual appraisals along with recognising the importance of the externally commissioned Board effectiveness review.

Since May 2024 the Board has continued to recognise the importance of its own development alongside demonstrating a commitment to improving its effectiveness. Key actions have included Annual Reviews with each Board member; effectiveness questions being asked at the end of each Board meeting; Committee effectiveness reviews (which have now been carried out for ARAC, RemCom and the Performance Sub-Group) and an Action Plan being developed in the light of the recommendations from the externally commissioned Board Effectiveness Review.

For completeness, this update seeks to draw together relevant progress. This particularly focuses on the themes emerging from the Board's annual appraisals.

A provisional schedule for Board effectiveness in 2025/26 will be shared following Board discussions and will dovetail with the action plan which has resulted from the externally commissioned Board Effectiveness Review (included as Annex One).

In terms of Board appraisals:

- What continues to clearly emerge is the picture of an evolving Board. This is a Board that has continued to oversee improvement, both within the Legal Ombudsman scheme – there is universal support for how much has been done - and within itself.
- It has demonstrated real self-awareness, occupying the more strategic and oversight space and not “getting caught in the weeds so much”.
- Board members are clear about LeO's Business Plan aims and how well LeO is doing in achieving these outcomes. They are also now clear about the OLC's new Strategy for LeO and looking forward to the shifting focus that this requires on to looking at

impact and feedback to the sector and the potential impact on the quality of first tier complaint handling.

- The overall message is that “the Board is very different to the one I joined” combined with “progress has been so marked” and that the time is therefore right to continue to evolve.

In last year’s Board effectiveness review, a theme emerged over the balance across what is considered by the full Board, what is considered by one of the Board’s Sub Groups/Committees and what is considered out of Committee. This was reiterated by the External Effectiveness Review and has resulted this year in a formal written update from each Committee to the Board, setting out what decisions have been made and moving away from a reliance solely on Committee minutes.

In terms of points for learning, the following four areas were discussed last year and an update next to each is included:

- Continuing to ensure the Board has a clear understanding of LeO’s end product, including the renewed focus on feedback and the new Strategy – February’s Board workshop in Cardiff further emphasised the Boards knowledge of and commitment to the rationale for feeding back to the sector.
- Continuing to ensure the Board has appropriate access to LeO staff – this has continued this year with LeO’s Management Team regularly making inputs at Board meetings; this has also been supported by a session with the Co-Chairs of each of LeO’s Staff Networks before each Board meeting, along with the staff lunch (In Birmingham and Cardiff) which has sought to further demonstrate Board visibility.
- Continuing to ensure new Board members are supported and so that the Board can re-establish and re-group as a new Board – much thinking has gone into the new Board member induction in order to make best use of these sessions for new and existing Board members; feedback has been positive.
- Ensuring the Board is aware of the specific and changing nature of the MoJ and LSB relationship and the constraints around this – this has been a standing agenda item for each private discussion between the OLC Chair and the OLC NEM Board before each Board meeting.

In terms of the points for learning this year, the following four areas are include:

- Continuing to ensure the Board has a clear understanding of LeO’s end product, including the renewed focus on feedback and the new Strategy,
- Focusing on LeO’s stakeholders and the nudge theory of change.
- Focusing on value for money in the information that comes to the Board.
- Reviewing the ToR of the PSG.

Recommendation/action required	
Board is asked to <b>note</b> this update.	
Equality Diversity and Inclusion	
EDI implications	Yes
The OLC remains deeply committed to EDI and has considers EDI throughout its own review of its Board effectiveness. This is particularly the case in the Board annual reviews. In addition, in keeping with the Legal Ombudsman's commitment to inclusivity, this paper will be published on its website at a future date.	
Freedom of Information Act 2000 (Fol)	
Paragraph reference	Fol exemption and summary
N/A	N/A

# Board Effectiveness Update

## 1. Introduction

- 1.1 Board effectiveness is taken very seriously by all on the OLC. This year it incorporates:
  - A thematic review of the annual Board appraisals.
  - A review of the action plan produced last year against the recommendations of the independent Board effectiveness review.
  - A review of the Committee effectiveness processes that each of the Board's Committees and Sub-Groups completes.
  - A review of the Board evaluation survey results (based on a Cabinet Office model but adapted to make the most of the individualised governance facing the OLC).
- 1.2 Against this backdrop this is the first of a two-part update to the Board.
- 1.3 The second part of this update will be shared at July's Board meeting and will focus on Committee effectiveness and the Board evaluation report.
- 1.4 At April's Board meeting – and in this paper - the focus is on a review of the Board performance appraisals; and the Board's action plan.
- 1.5 The OLC Board actively considers its Board effectiveness on an annual basis. At its last update in April 2024, it particularly focused on themes emerging from the Board's annual appraisals along with recognising the importance of the externally commissioned Board effectiveness review.
- 1.6 Since May 2024 the Board has continued to recognise the importance of its own development alongside demonstrating a commitment to improving its effectiveness. Key actions have included Annual Reviews with each Board member; effectiveness questions being asked at the end of each Board meeting; Committee effectiveness reviews (which have now been carried out for both ARAC, RemCom and the Performance Sub Group) and an Action Plan being developed in the light of the recommendations from the externally commissioned Board Effectiveness Review.
- 1.7 For completeness, this update seeks to draw together relevant progress. This particularly focuses on the themes emerging from the Board's annual appraisals.

## 2. Board appraisals

- 2.1 Annual Board reviews were carried out from January to February 2025 and have subsequently been shared with individual Board members and the LSB. A key part of the review is asking Board members to complete a self-appraisal form in advance of the appraisal meeting. In the past these forms have focused on the Board development issues that were first identified over three years ago, including: Collegiate working; Board behaviour and self-discipline; Supporting the Non-Exec/Exec distinction; Working together with other Board members.
- 2.2 In 2022 these headings were reviewed, reflecting how the OLC has moved on as a Board, those likely to form the basis of the externally commissioned Board effectiveness evaluation, and MoJ guidance on this area.

Accordingly in 2025 feedback was collated on:

- (i) Board foundations (including what the OLC is seeking to achieve; knowing how well LeO is doing in achieving intended outcomes; and Board Committees and Sub Groups).
- (ii) Board role and focus (including Board dynamic and culture; interactions with the Executive; taking collective responsibility for Board decisions; and the emphasis on EDI).
- (iii) Board decision-making (including balancing a focus on immediate issues and long-term success; quality of discussions around individual proposals; and using the available information).
- (iv) Additional comments (including personal value and commitment to the 12 principles of governance and the Nolan principles of public life).

- 2.3 Feedback against each of these four areas is included below:

### **Board foundations**

- 2.4 What continues to clearly emerge is the picture of an evolving Board that clearly recognises that it is in transition. This is a Board that has continued to oversee improvement, both within the Legal Ombudsman scheme – there is universal support for how much has been done - and within itself. It has demonstrated real self-awareness, occupying the more strategic and oversight space and not “getting caught in the weeds so much”. In 2024 this resulted in a review of the Board Forward Plan and redesigning Board meeting agendas around strategic items so that the Board spends less time on performance detail and transitions to a strategy, oversight and assurance mindset. It has also included moving to a single performance report including a dashboard that contains all performance indicators that should be in view

of the Board and rationalising the extent of supporting information provided with a focus on providing assurance improvement actions where underperforming.

- 2.5 Board members are clear about LeO's Strategic aims and how well LeO is doing in achieving these outcomes. They are behind a shifted focus on to looking at impact and feedback to the sector and the potential impact on the quality of first tier complaint handling.
- 2.6 In last year's Board effectiveness review, there was an acknowledgement that further work was needed on the area of cementing Board ownership of risk, The risk workshops have worked well and the strength of ARAC combined with the main risks now being included at every meeting in the Chief Ombudsman's report and therefore in every single performance report is really working well for Board ownership of this important area.
- 2.7 The overall message is that the Board is very behind what LeO needs to achieve and, in particular, owns the strategy:

*"I am aware of the progress made in achieving outcomes, despite challenges, including factors beyond the organisation's control (such as levels of demand and complexity of cases). Nonetheless, it is encouraging to see improvements in key areas, such as staff attrition".*

*"I am clear on the aims of the organisation and am very supportive of the dual strategic objectives of improving performance (especially in terms of customer experience/journey times) and increasing the strategic impact LeO can have on sector improvement".*

*"I am pleased that the focus is on limited number of core KPIs and this will allow us to have a better grip on performance and the underline reasons".*

*"I do keep in mind LeO's objectives of: Reducing wait times, reducing the backlogs, improving customer service, meeting statutory needs and the needs of stakeholders and being a trusted and effective ombudsman. Many of these objectives are addressed within PSG meetings as well as being the regular focus of Board meetings and Board seminars".*

*"From my perspective, the Board meetings are now focused appropriately on key strategic issues and organisational risks to a significant extent. With the helpful reports from the executive and the more in-depth knowledge I gain from membership of REMCO and Performance Subgroup, I consider that I participate meaningfully to discussions concerning goals and desired outcomes. I am well sighted on our*

*performance metrics and have a sound grasp of our current achievements and challenges”.*

## **Board Roles and Focus**

- 2.8 What’s clear is how much the Board enjoys coming together and their shared commitment to undertaking further developmental work together with the Board and Executive. This has included timely use of Board workshops to focus on complex areas eg Learning and Insight and the Strategy, in more detail; and recognising the Board responsibility for shaping the culture and ways of working that will be needed to support delivery of the strategy.
- 2.9 Collective decision-making is embraced by the OLC. There is good self-discipline around the need to voice areas of disagreement and diversity but, provided the process allows for such questioning, Board members are supportive of decisions reached.
- 2.10 The Board’s tangible commitment to EDI has remained. As has its commitment to ensuring this lies beyond the sole responsibility of the EDI Board Sponsor, and this continued to feature in all review discussions. But there is a clear message that ‘we can always do more’.

*“I think I have a good relationship with Exec colleagues. I recognise that I come from a different background to some other Board members, i.e. I am a Lay Member of the Board and I don’t have experience of working with Ombudsmen before, but I think it is healthy for the Board to bring different perspectives and experiences to bear”.*

*“The emphasis on EDI is always clear and consistent, which is one of the defining characteristics of OLC and LeO culture, and is appreciated by staff and Board members. I regularly get feedback from staff about the change (improvement) in culture which is in part driven by the organisations and Boards EDI focus”.*

*“The relationship between the Board and Executive is vital and at LeO seems to be a very healthy one based on trust, respect and aligned interests and values. I have learnt a lot about how Boards and Executives can work closely without undermining independence and healthy challenge from observing behaviours at LeO Board meetings. I hope that I am supporting this healthy culture in my interactions and contributions, and I already have good relationships with the Executive (who provided excellent induction sessions)”.*

*“The Board culture is always evolving and developing especially as people leave and new members join, however I think it operates well (expertly chaired). Healthy Boards allow that different views can be expressed and explored as part of reaching a consensus decision, and I very much value this aspect of the OLC Board. I also greatly*

*appreciate the willingness of the Executive Team, expertly led by Paul, to take on board and properly consider feedback from Board members”.*

*“EDI is given due prominence at Board and is well considered in our decision making. Long may this continue and to ensure LeO’s staff feel seen, heard and valued.*

*“I have developed good relationships with Executive colleagues – based on mutual respect and am always mindful about how I present any challenge or scrutiny. I ensure that excellent work and good progress made are recognised and celebrated”.*

*“I am very happy to share my views and rationale, however I do believe in collegiate responsibility, and I continue to fully support the Board decisions reached, whether these align with my original personal preference or not”.*

*“I feel the Chair has done lot of work behind the scenes to improve the board dynamic which positively contributes to having efficient board meetings.... The relationship and specially the trust between Executive and the Board is much higher now than before and this makes the board meetings effective.... The board is good in taking cabinet responsibility on the things we agree”.*

*“I feel the collective board as well as individual board members give lot of consideration to EDI aspects in all discussions”.*

*“ED&I is embedded in the OLC’s strategic objective, and I’m encouraged by the progress made in improving the collection of monitoring data, which can assist when considering the external aspect of ED&I as it relates to service users”.*

## **Board Decision Making**

2.11 Board members are willing to put a different view and the Board consists of some collaborative listeners, who understand context and take a step back. There is respect for everyone’s role.

2.12 The Board is mindful that we have spent sufficient time on Strategy this year. The Strategy has given them the opportunity to develop their understanding and proves that they are also alert to the need to continue to be courageous and ambitious. They are also alert to the fact that to do this the data the Board sees has needed to change.

*“LeO and OLC’s use of and understanding of its data has improved a lot, analysing the data that contributes to assumptions and forecasts is central to the role of the PSG”.*

*“As a member of ARAC I have contributed to the review, challenge and understanding of LeO’s strategic risks and their mitigation”.*



*“Balance continues to be an area of particular focus for me as it is key to successful operation and achievement of LeO’s strategy. The dual top level strategic objectives demand such a balance in finding an optimum approach in both progressing improved operational performance whilst strengthening LeO’s voice in longer-term influence/sector impact. I continue to support this considered approach at every opportunity”.*

*“I also promote a customer-centric rather than process-centric approach, when producing documents and processes and this is especially true in considering our approach to transparency. I am happy to use my analytical background/mindset and data expertise in reviewing the data and information presented to Board to ensure accuracy and look for wider insights that might help LeO. I frequently look for underlying drivers in presented data trends, as well as being particularly focused on identifying inherent risks to ensure proactive risk management and opportunities to allow these to be exploited.*

*“I continue to be very comfortable in reviewing information and in constructively challenging this where appropriate. I have done this often, but always from a supportive position to improve the understanding or clarity and thus for the benefit of LeO”.*

*“xxx is quite right to focus on the role of Paul McFadden as the Chief Ombudsman and how much he sets the line for the Executive and their ‘non-defensiveness’ to the Board”.*

## **Points for learning and future reflection**

2.13 There are four areas which will be specifically added to the schedule for Board effectiveness/ Action Plan this year:

2.14 Continuing to ensure the Board has a clear understanding of LeO’s end product, including the renewed focus on feedback and the new Strategy:

*“I would like develop my own understanding of our customer service by speaking to complainants and service providers about their experience with LeO and how it felt, irrespective of the outcome”.*

2.15 Focusing on stakeholders:

*“I am not sure if our objectives are fully understood or accepted by some of the stakeholders. For example, our objective of sharing our experience based on the complaints we receive to help improve the sector is challenged by some stake holders as I understand. Therefore, with the help of LSB and MoJ, we should consider some kind of publication or a relaunch to make those OLC objectives clear”.*

*“It is important that we find some comparison / benchmark to compare our effectiveness against other ombudsman services (even though they all serve different sectors and the circumstances can vary)”.*

#### 2.16 Focusing on value for money:

*“LeO needs to show that it is considering Economy, Efficiency, Effectiveness and Equity in decisions about how to spend money and allocate resources, and to have a strong and clear narrative about how it is using its resources, so that our stakeholders, LSB and customers included, have confidence in the Board and Executive’s decision making. This is particularly important in an environment where more and more is expected of LeO and where we may be making some big asks in terms of budget and resources”.*

*“For example we talked about whether a future iteration of the Strategic Scorecard needs to more overtly speak to value for money – recognising that this is something LeO picks up on in the Budget Acceptance Criteria but what about the rest of the year? Should and could LeO be more explicit on this? I have already raised this with Paul McFadden”.*

#### 2.17 Reviewing the ToR of the PSG

*“We reflected on what is dragging the Board back into a level of operational detail and not occupying a Strategic overview. In particular we reflected on the role of the Performance Support Group and what its role might be in the future. This is clearly an issue for the Chair of the Group to think about – Does the Group need to continue? Do we need to revisit membership of the Group? What about its terms of reference and its future role? This is a Group that has successfully evolved but the question needs to be asked of whether it needs to evolve into something else in the future?”.*

### **3. Board effectiveness review**

3.1 Best practice suggests that Board’s carry out an externally delivered Board effectiveness review every three years. In keeping with best practice the Board has externally commissioned a Board effectiveness review in 2022. This was awarded to Campbell Tickell and started early in 2023. The main facets of this included:

- Desktop review of key documents to build an initial picture of the effectiveness of the Board and to understand whether documents and practices align with standards of good practice.
- Survey and interview of all Board members to gather insights, emerging areas of interest or gaps in understanding.

- Focus group/ meetings with Executive members to gather their perspectives.
  - Meeting observation to offer a view on the exercise of skills in practice, the quality of discussions and interaction, and boardroom culture and behaviours.
- 3.2 A full report was considered by the OLC Board at its July 2023 Board meeting. An action plan was developed and agreed following the receipt of the report and has been diligently implemented throughout the remaining part of 2023/24 and 2024/25.
- 3.3 The update action plan is included as Annex One.

## 4. Conclusion

- 4.1 This external Board effectiveness review is a central, but not the only, plank of the Board's commitment to its own ongoing evolution and change. This continued throughout 2024/25, building on the facets set out in this paper.
- 4.2 The fact that the Board is demonstrably self-aware and committed to its own evolution is central to its approach as a Board and likely to be key for the new and incoming Chair in April 2026, along with the new Interim Chief Ombudsman in September 2025.

## Annex One

### Board Effectiveness 2024 to 2025 Action Plan

In line with the recommendations made by Campbell Tickell following an external Board effectiveness review in 2023, the following action plan has been developed. The updates from September 2023 and April 2024 are included below along with a more current update:

Item No.	Action	Responsibility	Timescale	Update in Sept. 2023	Update in April 2024	Update for April 2025
	Schedule dedicated Board development time to discuss Board dynamics, ways of working and expectations with a strong focus on how the Board elevates its focus to be more strategic and to explore how individuals contribute to the collective endeavour (this might include psychometric work).	OLC Chair	Ongoing	September's workshop will include a specific session on what is meant by becoming a more Strategic Board including what might be included within a single performance report. Crucially this focuses on co-production and co-delivery of each of the sessions across the Non-	This has been a constant feature of recent Board meetings, including reviewing what a new integrated performance report might look like and reviewing all other papers.	This has been a constant feature of recent Board meetings, including reviewing what a new integrated performance report might look like and reviewing all other papers.

				Executives and Executives.		
	Schedule some informal time together to explore new perspectives on ways of working.	OLC Chair	Ongoing	<p>This was offered in advance of September's workshop – the night before?</p> <p>Plans for a Christmas 'do'?</p>	<p>The first Board meeting of the year allowed some time for the Non-Executives to consider: What type of Board do we want to be?</p> <p>Whilst there was not sufficient time to organise anything over Christmas opportunities will be sought for the summer.</p>	This was scheduled in advance of October's workshop and informally made available for February's workshop.
	Schedule dedicated workshop time for the Board and Executive to consider the outcomes of the Board effectiveness review and how they will work together differently to shape the culture and ways of working needed to support the delivery of the 2024/27 OLC Strategy.	OLC Chair	September 2023	September's workshop will include a specific session on what is meant by becoming a more Strategic Board including what might be included within a single performance report.	This received attention at September's workshop and since.	This will receive attention at two Board meetings in 2025.
	Review the Board forward plan and redesign Board	OLC Chair	Ongoing	To discuss in September.	Further consideration is being given to the focus of the meetings around risk but	<b>Completed.</b>

	<p>meeting agendas to ensure that:</p> <ul style="list-style-type: none"> <li>• The Board spends more time on strategic items and less time on performance detail and straightforward matters.</li> <li>• Strategic and experiencing LeO items are discussed before moving to operational oversight.</li> <li>• Regular Board sessions on risk and risk assurance were introduced for the Board to review the top 10-12 risks and how they were being managed.</li> </ul>	Board Governance Manager			otherwise agendas have been reviewed and changed accordingly.	
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	<ul style="list-style-type: none"> <li>The length of Board meetings was reduced where possible.</li> </ul>					
	<p>Redesign Board reporting to:</p> <ul style="list-style-type: none"> <li>Incorporate minor reporting into the Chief Ombudsman report;</li> <li>Move to a single performance report incorporating a dashboard that contains all performance indicators that should be in view of the Board.</li> <li>Rationalise the extent of supporting information provided to the Board.</li> </ul>	<p>OLC Chair</p> <p>Board Governance Manager</p>	Ongoing	<p>September's workshop will include a specific session on what is meant by becoming a more Strategic Board including what might be included within a single performance report.</p> <p>Board action log has already been simplified and received positive feedback.</p>	<p>All now completed and being trailed (so it is expected that this will be an evolving picture).</p> <p>In addition the three questions posed at the end of the meeting are now answered by an NEM and an Executive Member and reflect the more Strategic focus of the meetings:</p> <ol style="list-style-type: none"> <li>1. Which session has worked particularly well <i>strategically</i> during the Board meeting and why?</li> <li>2. Which paper was particularly useful <i>strategically</i> and why?</li> <li>3. Where would you suggest there is learning and value in doing things differently in the future <i>and</i></li> </ol>	<b>Completed.</b>

	<ul style="list-style-type: none"> <li>Simplify the Board action log.</li> </ul>				<u>in order to occupy more strategic space?</u>	
	Clarify the hierarchy of oversight provided by the Board, committees and Executive Team to ensure that the performance information reviewed at each level is aligned to roles.	OLC Chair  Board Governance Manager	Ongoing		A Board written report has now been produced by each Board Committee, offering a timely summary of the key issues delegated.	<b>Completed.</b>
	Strengthen risk reporting to Board and ARAC by providing regular information on key controls, assurance and future actions for each of the strategic risks.	ARAC Chair	Ongoing	OLC Chair to discuss with Chair of ARAC.	Further consideration is being given to the focus of the meetings around risk which is now being covered consistently by as part of the Chief Ombudsman's report and further thought will be given as part of July's Risk Workshop.	An annual Risk Workshop is held with the Board alongside the key risks being included in every Chief Ombudsman report at every Board meeting.
	Improve communications between Committee Chairs and the Board by introducing a model of alert/assure/advise to highlight issues of	Committee Chairs Board Governance Manager	By end of 2023	Discuss with Board Governance Manager to ensure revised approach is include on Committee Agenda along	Now completed.	<b>Completed.</b>



	concern and provide assurance.			with Committee Chairs		
	Consolidate the documents setting out the roles and responsibilities of the Board and its committees into a governance handbook.	Head of Programme Management and Assurance	By end of 2023	OLC Chair to discuss with Laura at next catch up.	Being addressed as part of annual review of Governance documents.	<b>Completed.</b>
	Develop a Board Terms of Reference	Head of Programme Management and Assurance	By end of 2023	OLC Chair to discuss with Laura at next catch up.	Being addressed as part of annual review of Governance documents.	This would duplicate with the OLC Rules of Procedure, agreed by the Board as part of its governance suite.  <b>Action closed</b>
	Explicitly set out the matters reserved to the Board in a single document separate from delegations schedule.	Head of Programme Management and Assurance	By end of 2023	OLC Chair to discuss with Laura at next catch up.	Being addressed as part of annual review of Governance documents.	The matters reserved to Board were set out in a single document which was approved by the Board in December 2023 and reviewed again in December 2024. <b>Completed.</b>
	In considering sustainability of performance address succession planning	OLC Chair	Ongoing	Plan developed with LSB on succession planning for the Chair.	Discussed regularly in the private meetings with the NEMs; in the meetings with the CO; and as part of the NEM annual reviews.	CO coming to April's pre-Board session to specifically address this.

	of the Chair and the Chief Ombudsman.			CO's role description updated and reviewed as part of salary benchmarking; future salary reviewed by OLC's RemCo to ensure salary is both fair for incumbent and pitched at right level within a future recruitment market.	CO's role description updated and salary has been benchmarked and agreed with RemCo. Route forward has now been agreed with the MoJ and with the CO.	
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