Meeting	OLC Board Meeting	**Agenda Item No.** **Paper No.**	6 146.4
Date of meeting	29 April 2026	**Time required**	15 Minutes

Title	**Chief Ombudsman's Report**
Sponsor	Phil Cain, Chief Ombudsman
Status	OFFICIAL
To be communicated to:	Members and those in attendance

Executive summary

Quarter 4 concludes a year in which the Legal Ombudsman has sustained operational delivery within predicted Business Plan ranges, despite unprecedented and sustained growth in demand. As reported in earlier quarters, demand pressures continue to affect queues and customer waiting times; however, the organisation has continued to maintain service continuity and decision quality despite the increasing volume and complexity of cases entering the system.

- **Demand and resolutions:** 14,000+ new customer complaints over the year (Q4 volumes almost 60% higher than Q4 2024/25); 8,267 resolutions (year-end), within predicted Business Plan ranges.
- **Unallocated investigations queue:** 2,767 at year end (within Business Plan ranges).
- **Customer timeliness and waiting times:** 66% of cases resolved within 12 months (up from 60% in 2024/25) and <20% took more than 18 months (down from ~27%); customer journey time improved in Q4 (down >11% year-on-year), but combined waiting times increased across the year and Q4 demand reversed the reductions seen through Q3.
- **Budget (year-end):** underspend of £5,460 (-0.03% of budget), within tolerance.

Throughout the year, Quarter 2 and Quarter 3 reporting highlighted the structural challenge posed by rapidly rising demand—particularly in cases requiring in-depth investigation—and the resulting pressure this placed on queue reduction and overall customer journey times. Those pressures understandably persisted into Quarter 4. Operational grip, prioritisation and workforce deployment have supported performance to remain within predicted Business Plan ranges, while demand—particularly in Quarter 4—has continued to drive pressure on queues and waiting times.

A key theme through Q3 and Q4 has been the organisation's growing maturity in how it balances short-term operational delivery with longer-term transformation. Quarter 4 has seen further consolidation of this approach, with clearer alignment between performance

management, quality assurance and the wider programme of scheme and operating model reform. Operational changes through the year—including the ER+ pilot—have supported additional throughput in Quarter 4 and will continue to shape the profile of queues across the process. The focus on decision quality, consistency and transparency—reported through the year and reinforced in Q4—reflects the organisation's commitment to maintaining public trust as volumes increase. Quality assurance and customer satisfaction insights continue to be triangulated across quality reviews, service complaints and survey feedback, with Quarter 4 indicating continued improvement in outcomes for informal resolutions following in-depth investigation and a revised approach to customer satisfaction due to commence from Quarter 1 2026/27. Externally, engagement with regulators and oversight bodies has continued to strengthen. Building on progress reported in Q2 and Q3, this engagement has increasingly focused on the system-wide implications of rising demand, the sustainability of complaints handling across the legal sector, and the role of transparency and learning in driving improvement. This constructive dialogue has helped inform the budget and business planning cycle and the organisation's approach to risk, assurance and future transformation priorities. **Looking ahead to Quarter 1 2026/27**, the organisation enters the new financial year with a clear set of priorities. Demand pressures are expected to remain high, and managing the balance between throughput, quality and timeliness will continue to be a central operational challenge. Building on the year-end position—where progress on older cases has improved longer-time-threshold outcomes while early-stage timeliness measures have been more pressured—early focus in Q1 will be on maintaining delivery momentum, embedding recent operational improvements and managing the impact of queue dynamics on customer waiting times. At the same time, Quarter 1 marks an important transition point as the organisation builds on discovery and preparatory work and moves into phase 1 of organisational transformation. This includes laying firmer foundations for scheme reform, case fees, investment in future technology and workforce development, alongside strengthening leadership capacity and organisational resilience. These priorities will shape reporting in the early part of 2026/27 and provide the framework for the next phases of the three-year transformation programme.
Recommendation / action required
Board is asked to **note** the update
Equality Diversity and Inclusion

EDI implications	**Yes**
This report has EDI implications. It includes updates on delivery of the EDI Action Plan and activity to strengthen customer accessibility and workforce inclusion. Customer insight has improved following the updated online complaint form, with EDI information capture at 95% (5% no response). Operational capability to support customers experiencing vulnerability has been strengthened through Vulnerable Customer Champion training delivered to 19	

colleagues (97% satisfaction), and reasonable adjustment guidance has been reviewed and refreshed to improve consistency across the customer journey. Governance arrangements continue to be strengthened through the EDI Steering Group and refreshed senior sponsorship.

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

Value for Money (VfM)
Value for money is evidenced through the 4Es. **Economy:** the year ended with an underspend of £5,460 (-0.03% of budget), within tolerance, supported by active in-year reprioritisation during ministerial approval delays. **Efficiency:** resources were directed to high-value delivery and enabling activity (including transformation discovery, benchmarking and trajectory modelling improvements), alongside digital and process changes that reduce administrative burden; Quarter 4 also saw improved efficiency signals with cost per early closure decreasing by around 21% alongside a 27% increase in early closure volumes. **Effectiveness:** investment in leadership and management capability (Board effectiveness and strategy workshops; training for managers and the Senior Leadership Team) and targeted IT delivery supports resilience and delivery of priorities. **Equity:** the organisation has continued to focus resources on consistent, fair service delivery, supported by governance, assurance and improvement activity.

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	▪ Strategic Issue 01: Backlog ▪ Strategic Issue 02: Sector-led demand ▪ Strategic Issue 03: Performance Trajectory ▪ Strategic Issue 04: Key person dependency ▪ Strategic Risk 01: Leadership Resilience ▪ Strategic Risk 02: Budget variance ▪ Strategic Risk 03: Accommodation ▪ Strategic Risk 04: Failure to deliver impact objective ▪ Strategic Risk 05: Staff attrition (overall attrition) ▪ Strategic Risk 06: Enterprise Stain from Transformation Demands

LeO's performance

2025/26 has been characterised by sustained operational delivery against a backdrop of unprecedented demand growth. Overall resolution performance for the year finished at 8,267 cases, remaining within predicted Business Plan ranges. Quarter 4 represented the strongest period of the year, reflecting improved flow through the system from GET and the impact of operational adjustments made earlier in the year.

Early Resolution continued to account for a significant proportion of outcomes, representing just over half of all case closures across the year. While performance in Early Resolution was adversely affected during the first half of the year by backlog pressures at the front of the process, this position improved notably in the second half. From Quarter 3 onwards.

A key development during the latter part of the year was the pilot of the ER+ model. This contributed to additional throughput in Quarter 4, with cases concluded both within Early Resolution teams and at the Review and Conclude stage (historically the In-depth investigation stage). Early indications suggest this model has supported improved performance across not only output measures but also the way that LeO's investigators feel about the pressures of workloads, although pilot data remains subject to further validation.

Demand and system pressure

Demand continued to increase significantly throughout 2025/26 and remains the most material driver of backlogs. New customer complaints reached over 14,000 for the year, representing an increase of more than a third compared to the previous year. Quarter 4 demand was particularly pronounced, with volumes almost 60% higher than the same period in 2024/25.

This growth in demand has had a direct impact on queue volumes and waiting times despite strong resolution performance. The unallocated investigations queue closed the year within Business Plan ranges at 2,767, despite the scale of incoming work and delays arising from budget approval delays earlier in the year. This reflects sustained effort to manage inflow and prioritise throughput, although pressures remain acute. As LeO transitions to an ER+ model it is expected that backlogs will be less in unallocated investigations and delays moving more to the front end of LeO's process.

Productivity

Investigator productivity showed some volatility across the year. Output dipped during the middle quarters, reflecting both the operational impact of the ER+ pilot and budget approval delays. Productivity recovered in Quarter 4 to levels comparable with the previous year, indicating increasing stability as new ways of working bedded in. Early data from the ER+ pilot model suggests higher productivity in specific areas, although this remains under review.

Encouragingly, investigator attrition remained lower throughout the year compared with 2024/25. While a slight seasonal increase was observed towards the end of the year, overall attrition rates indicate improving workforce stability, which is critical to sustaining performance.

Customer journey and timeliness

Customer journey time improved notably in Quarter 4, reducing by over 11% compared with the same quarter in the previous year. This reflects a continued focus on progressing older cases and improving flow through the system. However, combined waiting times increased across the year, driven primarily by pressures within the unallocated investigations queue. While waiting times reduced steadily through Quarter 3, the scale of demand in Quarter 4 reversed this trend.

Performance against customer journey time measures presents a mixed picture. Outcomes at longer time thresholds improved significantly compared with last year, with 66% of cases resolved within 12 months compared to 60% in 2024/25 and those taking more than 18 months to resolve reducing from around 27% to less than 20%.

Conversely, the proportion of cases resolved within 60 days declined marginally as ER+ took effect and reflecting the volume and complexity of cases entering the system. The overall profile demonstrates progress in tackling long-running cases, albeit with ongoing challenges at the earliest stages of the journey stemming from budget approval delays and unprecedented increases in demand.

Overall assessment

Taken together, performance in 2025/26 demonstrates sustained operational delivery in an exceptionally challenging context. Resolution volumes have remained within forecast, productivity has recovered towards the end of the year, and customer journey times show tangible improvement for older cases. At the same time, rising demand continues to place material strain on waiting times and system capacity. The year has reinforced the importance of continued operational adaptation, workforce stability and targeted interventions to maintain performance and protect the customer experience

Quality and Customer Satisfaction

Performance in Q4 against these metrics was consistent with previous quarters across the majority of measures but also evidenced a continued upward trajectory for cases which have been resolved informally on the back of an in-depth investigation. Whilst there remains more work to be done to bring this measure to the level we expect, it is very pleasing to see that the work done to manage case holdings, reduce delays and improve communication with our customers is yielding positive outcomes.

We continue to use data triangulated from quality reviews, customer satisfaction surveys and service complaints to identify areas where our service can be improved and any issues that we need to address.

Looking forwards we will be reviewing our current quality framework now that it has been in place for nearly two years to ensure that it continues to deliver proportionate assurance around the work that LeO delivers and the standard of service provided to our customers. It is also important that we reflect on how the framework is supporting LeO's staff to grow and improve.

The data we have from customer satisfaction surveys continues to show that satisfaction with the outcome of the investigation remains the key factor in satisfaction with the service LeO provides. Moving to our revised approach to customer satisfaction from Q1 2026/27 will, hopefully, provide LeO with fresh insight into levels and drivers of customer satisfaction which we will be able to use to improve the service we provide.

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 04: Risk that a range of factors could contribute to LeO not being able to deliver its strategic objective to build the impact of its learning and insight work and influence improvement.

In the final quarter of 2025/26, LeO continued to deliver strongly against the OLC impact objective, with a focus on targeted stakeholder engagement, transparency, and using LeO's insight and experience to inform improvements across services and complaint handling in the legal sector.

The sections give an overview of the work delivered in support of the key three aims of the impact objective.

Building LeO's profile and impact as an independent voice for improvement

Strategic engagement

During the quarter, LeO hosted two priority stakeholder visits, supporting deeper engagement with key decision-makers and influencers:

- **Law Society** – LeO hosted the Law Society President in Cardiff, providing an opportunity to discuss demand pressures, complaint handling issues, and LeO's learning and insight priorities, including the Model Complaints Resolution Procedure (MCRP).
- **Ministry of Justice (MoJ)** – LeO hosted MoJ colleagues in Birmingham, offering insight into LeO's operations, demand challenges, impact work, transformation priorities, and strengthening working relationships ahead of future policy and funding discussions.

These visits were well received and our stakeholders fed back positively on the opportunity to hear at first-hand the scope and current limitations of LeO's operation processes, its future ambitions for scheme transformation, and the important role LeO plays in consumer redress and supporting improvement in the legal sector.

The Chief Ombudsman and the previous OLC Chair subsequently met with the Minister of State for Courts and Legal Services – providing a further opportunity to reinforce the demand challenges LeO is facing and the need for transformation.

Transparency and learning – Public Interest Decisions

As part of LeO's ongoing commitment to transparency and driving learning across the sector, LeO published eight Public Interest Decisions during the quarter. Each decision highlighted recurring issues and practical learning points for service providers, supporting improvements in complaint handling and service delivery.

The cases spanned conveyancing, litigation, property and financial matters, and revealed a consistent pattern of providers overlooking or failing to act on critical issues. In each instance, problems that should have been recognised at an early stage went on to create avoidable financial or legal obstacles for the individuals involved.

Publication was supported by targeted stakeholder communications to maximise reach and impact.

Media

Over the quarter, LeO issued 8 media releases, taking its annual total to 17: an 89% increase on last year. We also recorded a podcast with Today's Media, sharing our insights into complaint trends.

In early April, we achieved good coverage in the trade media for the publication of our 2026-27 Business Plan & Budget. Coverage broadly framed our plans as a response to unprecedented demand pressures, with reporting emphasising the gap between rising complaints and constrained operational capacity. There was coverage of the LSB's decision to approve a lower than originally requested budget increase, but also of our warning that – whilst we will do everything we can within the agreed budget – the reduced uplift would likely have material impacts on our queue and customer waiting times.

Using LeO's experience to help legal service providers improve their complaints handling

Model Complaints Resolution Procedure (MCRP) – Call for Input

In March LeO launched a public Call for Input on the MCRP, moving the project into its next phase following piloting with a small group of service providers in Summer 2025. The Call for Input seeks to gather views on the draft model and the supporting guidance needed to enable confident and effective adoption across the sector.

Ahead of the launch, LeO held a Regulator Forum meeting, bringing together sector regulators to discuss the outcomes from the MCRP pilot and align on next steps ahead of the launch in March.

The Call for Input is open until midday on 19 May, and a wider programme of engagement is also taking place during this period.

Tailored Support and Technical Advice Desk

LeO responded to 52 requests for support from service providers to its Technical Advice Desk (TAD) during Q4, bringing the total to 198 over the course of 2025-26 (186 in 2024-25, 123 in 2023-24). We regularly receive positive anecdotal feedback about our TAD service, which is managed by the Senior Ombudsmen seconded to our learning and insight team. Looking ahead, we are planning to conduct some more comprehensive user research on the TAD, to understand the return on investment as we look to maximise the impact of our learning and insight work in 2026-27.

LeO has also continued to work with service providers through the Tailored Support programme, holding seven follow up meetings with a range of service providers during the quarter. Service providers also provide positive feedback about their interactions with LeO through this programme, citing improvements in service and complaints handling at first tier.

Sharing learning and insight to improve legal services and help prevent complaints

Spotlight

LeO released two additional articles in its *Spotlight* insight series, focusing on early resolution and on residential conveyancing. The early resolution article discussed the advantages of settling complaints quickly and highlighted LeO's own positive experiences with this approach. A factsheet and flowchart were provided to assist service providers. The residential conveyancing article examined three common sources of complaints and offered advice on prevention and response.

Quarterly data publications

Earlier this year, LeO began publishing quarterly complaints data updates, adding to its existing annual complaints data publication.

In Q4 we published our Q3 2025-26 complaints overview, presenting insights on the trends and themes found in the complaints handled in that quarter. This edition also includes data on 'received' complaints (rather than 'accepted' complaints). Whilst received complaints data is earlier-stage and less refined (having not been triaged and categorised), it better illustrated the significant rise in demand that LeO has been experiencing. The release secured good media coverage, with our demand messaging picked up successfully.

Case studies

LeO published 17 case studies during the quarter – six published alongside our *Spotlight* articles, and 11 added directly to our online case study library. In total, we published 42 case studies over the course of the financial year, meeting our target of 40.

Learning Platform

LeO launched the initial pilot phase of its new digital learning platform, with the first modules focusing on residential conveyancing. The pilot includes nine firms and 20 participants, representing a mix of fee earners, COLPs (Compliance officers for legal practice), and service providers. The pilot will take place throughout April and May 2026, followed by analysis and review in June.

Motor finance

LeO has continued sharing data and insights with regulators and organisations concerned with motor finance redress and complaints, including via the FCA's motor finance forum. We have prepared both internal and external guidance outlining our approach to these complaints, and recently held our first meeting with one of the largest firms handling motor finance complaints.

Regulatory Information Service

LeO continued engagement with the Regulatory Information Service (RIS) project during Q4. RIS, which is currently in its testing phase, is intended to provide a single access point to information about regulated legal service providers, helping consumers and small businesses make more informed choices before engaging a provider. LeO is working closely with partner organisations to ensure its complaints data is appropriately reflected within the developing service.

3. Updates on strategic enablers and supporting strategies

3.1 People and culture

Relevant strategic risks and issues	Strategic Issue 04: Key Person (single point of failure) Strategic Risk 01: Leadership resilience Strategic Risk 05: Overall attrition Relevant Strategies People Strategy and EDI Strategy

PEOPLE PERFORMANCE

Attrition (Target 19%)

Quarter 4 saw a slight rise in its overall attrition from 2.9% in quarter 1 to 2% in quarter 2, 1.6% in quarter 3 and 1.8% in quarter 4. The rolling year annual attrition rate has decreased considerably from the same point last year (March 2025) where the figure stood at 13.4% to today where we have recorded an attrition rate of 8.3%. This represents a cumulative improvement of 5.2 percentage points over the year, indicating that retention strategies are having a sustained positive impact.

At **8.3%**, LeO is now 10.7 percentage points below the target of 19%, representing significant progress toward the goal of becoming an employer of choice.

Highlights:

- **Corporate** shows the most dramatic turnaround in the full year figures with attrition standing at 6.9% for the 2025/2026 period (down from 24.9% 12 months ago) - now well below our target.
- **Operations Management** maintains the lowest attrition at a 4%, well below the 19% target, demonstrating excellent leadership retention.
- **Ombudsmen** attrition continues to see month on month increases, albeit that this remains low at 5% for the year in March 2026, comfortably below target despite a slight increase during the year.
- **GET** show the highest attrition, increasing from 12.4% a year ago to 14.3%, and
- **Investigators** show an improvement of 4 percentage points falling from 16.1% in March to 2025 to 11.9% in March 2026.

Sickness Absence (Target 11 days per FTE)

Sickness absence performance during 2025/26 shows clear year-on-year improvement, alongside emerging pressures in the second half of the year. Across all four quarters, the rolling 12-month average sickness rate remained lower than the equivalent periods in 2024/25, with quarter 4 closing at **13.34 days per head** compared with 15.52 days a year earlier, a reduction of 2.18 days (14%). This improvement was evident throughout the year and reflects the continued impact of strengthened wellbeing support and absence management activity.

The profile of absence has also improved, with mental health related sickness falling steadily from 50.6% of all absence in quarter 1 to 33.1% by quarter 4, and Covid-19 now accounting for just 0.3% of total sickness. Despite significant quarterly cost fluctuations, the total annual cost of sickness absence (**£599,541**) remained broadly stable and marginally lower than 2024/25 (£601,703).

However, performance deteriorated during the second half of the year, particularly in quarter 4. The rolling 12-month sickness rate increased from a low of 12.33 days in quarter 2 to 13.34 days in quarter 4 and remains materially above the organisational target of 11 days. This trend is reflected in the proportion of working time lost to sickness, which rose from 2.83% in quarter 1 to **7.18%** by quarter 4. The increase is largely driven by long-term sickness absence, which accounted for 80.7% of all sickness days in quarter 4 (1,244 out of 1,542 days), compared with 61.3% in quarter

1. This concentration of long-term cases is also reflected in cost pressures, with quarter 4 sickness costs reaching £215,669 - the highest quarterly cost of the year and 14% higher than any other quarter.

While mental health related absence as a proportion has reduced, the growing prevalence and duration of long-term sickness presents an ongoing workforce and performance risk, requiring continued focus on earlier intervention, enhanced return-to-work support, and closer oversight of complex cases.

DELIVERY OF THE PEOPLE & CULTURE PLAN

Pay and Grading Review

Work is underway to review LeO's pay and grading arrangements to ensure they remain fair, transparent and fit for purpose, and to strengthen confidence that roles are evaluated consistently across the organisation. Initial activity has focused on confirming scope and governance, collating the current grading framework and role information, and agreeing an approach to role evaluation and market benchmarking.

Early themes emerging from this work include the need for clearer role profiles and progression expectations within grades, improved consistency in how allowances and market supplements are applied, and a stronger narrative explaining how pay decisions align to performance, capability and organisational needs.

Next steps include:

- Completing role data validation and confirm evaluation methodology (including moderation) to ensure consistency.
- Undertaking benchmarking and equal pay analysis to test outcomes and identify any anomalies requiring remediation.
- Developing options for a pay and grading structure (including progression, allowances and implementation phasing), with costs and risks set out for consideration.
- Engaging with staff and Staff Council on principles, transparency and impacts ahead of any proposed changes.

Culture Audit

We are initiating a culture audit (commenced during the recent away day) to develop clear evidence base on *"how things feel and work"* at LeO and to identify the behaviours, systems and leadership practices that most influence performance and wellbeing. The audit will triangulate findings from the Civil Service People Survey (including team-level feedback), people metrics (e.g., attrition, sickness absence, ER case themes), and qualitative insight gathered through listening sessions, focus groups and targeted interviews across business areas.

The outputs will be used to confirm priority culture shifts, strengthen accountability for delivery, and inform the People & Culture plan (including leadership and capability development), as well as the organisation’s EDI priorities.

Key Risks and Dependencies

Key risks and dependencies of the work noted, includes capacity to complete role evaluation and engagement activity alongside business priorities; timely access to high-quality role data and people metrics; and managing expectations about the pace of change, particularly where any pay and grading options carry financial or approval constraints.

Mitigations include clear governance, early communications on principles and process, and phased implementation planning, which have all been captured as part of our People & Culture Plan.

Equality, Diversity and Inclusion

All key deliverables from the 2025–26 EDI Action Plan have now been completed, demonstrating strong year-end delivery against LeO’s EDI Strategy. The programme has continued to support organisational priorities linked to workforce inclusion, customer accessibility and governance assurance. We also completed year-end planning activity for the new 2026–27 EDI Action Plan, ensuring continued alignment with LeO’s strategic aims, the People and Culture Plan, and our Equality Priority Objectives.

Customer Service and Accessibility

We completed analysis of complainant EDI information capture rates following the launch of the updated online complaint form. Submission rates remain strong at 95%, with only 5% no response, representing a significant improvement in customer insight and supporting our ability to understand who uses our service and where barriers may exist.

In February, we delivered Vulnerable Customer Champion training to 19 colleagues across Investigations, Ombudsman, Team Leader, Senior Ombudsman and Service Complaints roles. Feedback was extremely positive, with a 97% satisfaction score. This strengthens operational capability to support customers experiencing vulnerability or complex circumstances.

In March, we also completed a full review of internal reasonable adjustment guidance in partnership with Quality, Service Complaints and Legal colleagues. Updated guidance provides clearer recording standards, practical examples, and greater consistency across the customer journey.

Workforce Inclusion and Culture

LeO marked LGBT+ History Month in February through collaboration between the LGBTQ+ Network and REACH Network colleagues, promoting awareness, inclusion and allyship across the organisation. The Women's Network also delivered an International Women's Day event in March featuring Executive and Board participation, colleague speakers and an open Q&A session focused on leadership, inclusion and personal experiences. These initiatives continue to support an inclusive culture and colleague engagement.

Governance and External Engagement

The EDI team attended the Social Mobility at Work Seminar 2026, hearing insights from organisations including Co-op, Coca-Cola, Legal & General and Grant Thornton. Learning from this event will help inform LeO's ongoing work on socio-economic inclusion and leadership diversity.

The EDI Steering Group met during the quarter, where we shared findings from the Race at Work Charter review and confirmed new senior sponsorship arrangements, with Phil and Georgina taking on co-chair responsibilities going forward.

3.2 Relationships and collaboration

Relevant strategic risks and issues	Strategic Risk 04: Risk that a range of factors (including relationships and collaboration) could contribute to LeO not being able to deliver its strategic objective to build the impact of its learning and insight work and influence improvement.

Strategic engagement

In Quarter 4, LeO continued to engage actively across the sector through a programme of planned and regular discussions with key partners. This included policy focused catch-ups with the Solicitors Regulation Authority (SRA), and scheduled engagement with the Council for Licensed Conveyancers (CLC) and the Bar Standards Board (BSB).

LeO also participated in Ombudsman Association Communications and Policy Network meetings and contributed to a mass claims roundtable with the Financial Conduct Authority in relation to motor finance.

Leadership transition – communications and engagement

Q4 included a programme of communications and stakeholder engagement to support the appointment of LeO's new Chief Ombudsman and the new Chair of the OLC Board. Activity focused on announcing the appointments, ensuring continuity in external relationships, and clearly setting out priorities for the next phase of transformation and impact delivery. Engagement included targeted communications with regulators, oversight bodies and key sector stakeholders.

3.3 Systems and intelligence

Relevant strategic risks and issues	SR06 - Enterprise Strain from Transformation Demands

Information Technology – Quarter 4 2025/26

During the final quarter of the 2025/26, IT activity focused on consolidating delivery from earlier in the year while strengthening organisational capability, governance, and security in preparation for 2026/27. The emphasis during the period was on ensuring that digital capability continues to scale in a controlled, secure, and sustainable manner. These included moving Inbound emails from Outlook to CMS, continued work of generative AI final decisions and Copilot rollout.

Alongside the continued operation of reliable and resilient IT services, the quarter saw targeted investment in internal capability, progress on digital transformation, and significant enhancement of information governance and data protection controls. This reflects the increasing centrality of digital services to LeO's work and the need to balance innovation with appropriate assurance.

Digital Capability and Workforce Investment

A key development during the quarter was the recruitment of an in-house Web Developer, representing a strategic shift towards retaining core digital capability within the organisation. This role reduces reliance on external suppliers for website development and content changes, improving responsiveness to organisational priorities and strengthening control over externally facing information.

Bringing this capability in-house enables digital services to be delivered more consistently against accessibility, security, and compliance requirements, while also improving value for money and organisational resilience. The role supports the wider ambition to treat core digital channels as strategic assets, rather than transactional services.

Digital Transformation and AI Enablement

During Quarter 4, the organisation moved from pilot activity to full operational deployment of Microsoft 365 Copilot, completing a structured rollout to the wider workforce. Copilot was enabled for approximately 240 staff, embedding AI assisted capability into day-to-day working across the organisation.

The rollout was supported by a combination of Civil Service Learning provision and mandatory in-house training, ensuring staff were equipped to use the tool effectively and responsibly. Training reinforced the role of Copilot as an assistive productivity tool and set clear expectations around appropriate use, information handling, and professional judgement.

Deployment of Copilot was aligned with wider digital and information governance arrangements, including appropriate licensing, configuration, and security alignment. This ensured that productivity benefits could be realised at scale while maintaining confidence in how information is managed and protected.

The completion of the organisation wide rollout represents a significant milestone in digital maturity and provides a strong foundation for continued productivity improvement in 2026/27.

Information Governance and Data Security

Strengthening information governance was a major focus throughout the quarter, particularly through the continued rollout of Microsoft Purview. This work materially enhances the organisation’s ability to manage information risk in an increasingly digital environment.

Purview capabilities were implemented to introduce consistent data classification and labelling across Microsoft 365, improve visibility of sensitive data location and usage, and enable proportionate data loss prevention controls. The work also laid the foundations for more defensible retention and disposal practices to reduce storage cost in the medium term.

These changes improve alignment with UK GDPR accountability requirements, reduce the risk of inappropriate data sharing or misuse, and strengthen organisational readiness for audit, investigation, or regulatory scrutiny. This is particularly important as AI enabled tools to become embedded in everyday working practices.

Looking Ahead

As the organisation enters 2026–27, focus will remain on sustaining strong information governance and security controls as digital capability continues to expand. Delivery ambition will continue to be balanced against organisational capacity and assurance requirements, ensuring that digital transformation remains both effective and well governed.

3.4 Value for Money, resources and governance

Relevant strategic risks and issues	SR02 – Budget Variance

2025-26 Budget Variance

The year ended with an underspend of £5,460 (-0.03% of the 2025–26 budget), which is within the tolerance level. Delays in ministerial approval created delivery risks, which the Executive mitigated by proactively reallocating funding and starting research for the transformation project to support the discovery phase. Activity during the period included assessing what is feasible to deliver within the Act, benchmarking other Ombudsman schemes, and carrying out discovery and improvement work on the trajectory modelling tool. The OLC also delivered Board effectiveness and strategy-development workshops, alongside training for managers and the Senior Leadership Team, to support upcoming organisational change.

Total unit cost increased by 18.7% in Quarter 4, reflecting delivery of financial plans, training and IT developments that had been paused pending ministerial budget approval.

Cost per early closures decreased by around 21%, driven by a 27% increase in early closure cases in Quarter 4.

Cost per investigation outcome increased by 10%, reflecting the additional investigators who started from late Quarter 3 and during Quarter 4, alongside a 4.6% decrease in closures compared to Quarter 3.

Value for Money

Value for money is evidenced through the 4Es: Economy - the year-end position was delivered within tolerance, supported by active in-year reprioritisation of spend; Efficiency - resources were redirected to deliver high-value activity (transformation discovery, benchmarking and tool development) and Q4 productivity improved as cost per early closure reduced alongside higher early closure volumes; Effectiveness - investment in training for the Executive and Senior Leadership Team, together with strategy workshops, strengthens capability and supports delivery of future objectives aligned to organisational purpose; Equity - the strategy and improvement work supports consistent, fair service delivery while managing limited resources and taking advantage of technological developments.

Risk Assurance and Governance

The Executive team has reviewed the year-end status, noting that one issue and four risks have decreased in their scores. The key persons issue is now considered within tolerance due to significant organisational resilience improvements over the quarter, which lowered its likelihood scoring. However, further executive discussions will determine if this should remain a strategic issue or be reclassified as a risk; this decision will follow additional analysis and data gathering. Additional conversations are planned regarding streamlining operational issues, especially those related to demand, backlog, and business plan enhancements with the aim of merging any overlaps and updating descriptions for the next reporting cycle.

For 2026/27, the strategic risk register will introduce an overarching strategic risk focused on the scheme transformation review, supported by a dedicated transformation risk register covering three phases. These will be managed under new governance frameworks, while the accommodation risk will be removed due to secure leases and no updates on a new GPA hub; attrition will be managed at a business unit level due to improved workforce stability and reduced attrition pressures.

All internal audits are complete, including payroll, with the final report pending. As the year concludes, we have received one substantial and three moderate ratings, with 5 medium recommendations and 6 low recommendations open as we enter 2026/27. A meeting on 20 April will finalise the 26/27 audit plan, following executive agreement on a proportionate audit led by GIAA and a thematic review of transformation readiness.