Minutes of the 144th Meeting of the Office for Legal Complaints (OLC)

Wednesday 28 January 2026

OLC Board members present.	**In attendance**
Elisabeth Davies, OLC Chair	David Peckham, Interim Joint Chief Executive
Elaine Banton	Steve Pearson, Interim Joint Chief Executive
Georgina Philippou	Blessing Simango, Head of Finance, Procurement, and ICT
Rachel Cerfontyne	Zoe Grainger Head of People Strategy and Culture
Hari Punchihewa	Mike Harris, Head of Communications, Engagement, and Impact
Owen Purcell	Laura Stroppolo, Head of Programme Management and Assurance
Alison Sansome	Steve Moore, ICT Manager, item 3
Patricia Tueje	Richard Cooper, IT Transformation Manager, item 3
	Jodie Handley, Interim Deputy Chief Ombudsman, items 4 and 5
	Leanne Brookes, Interim Head of Operations and Business Intelligence, items 4 and 5
	Mark Persard, EDI Manager, item 6
Minutes	
Kay Kershaw, Board Governance Manager	

Item 1 - Welcome, apologies, declarations of interest and other preliminary matters

1. The Chair welcomed attendees to the meeting, noting that this was Owen Purcell's first Board meeting as a lay member of the OLC Board.
2. There were no apologies.
3. It was noted that Hari Punchihewa would be absent for part of agenda item 2 and re-joined the meeting for agenda item 6 onwards.
4. The meeting was quorate with a lay majority.
5. There were no declarations of conflicts of interest reported.

Item 2 – 2026/27 Budget, Business Plan and Budget Acceptance Criteria

6. The Joint Interim Chief Executives presented a paper updating the Board on progress in developing the 2026/27 Budget, Business Plan and Budget Acceptance Criteria. The following key points were drawn to the Board's attention:

- Budget and business planning for 2026/27 was being undertaken in a rapidly evolving and challenging context shaped by: Unprecedented and accelerating sector-led demand for LeO's services; ongoing engagement with the Ministry of Justice (MoJ) and the Legal Services Board (LSB), who had both provided a clear steer on the need to review and transform the Legal Ombudsman Scheme and its operating model in response to rising demand, while holding differing views on the scope and approach to this work – matters that continued to be explored through ongoing engagement; and the wider economic climate and continuing pressures on public spending.
- The Budget Acceptance Criteria (BAC), which had been informed by consultation and wider engagement, identified two emerging budget options, both above 2025/26 budget. Option one, the Executive's preferred option, proposed a higher increase that would better support operational delivery and sustain service performance during the Scheme transformation, but carried approval risks given the wider economic climate. Option two aligned more closely with stakeholder steers and public spending constraints but would increase risks to operational delivery and organisational capacity to deliver the Scheme transformation.
- An in-year budget submission had been proposed for early in 2026/27 to fund a two-phase Scheme transformation, comprising an externally led review in 2026/27 and implementation in 2027/28. However, feedback from the MoJ, received after this Board paper had been circulated, raised concerns about securing approval of a budget for work extending beyond the financial year, and indicated a preference for both the external Scheme Transformation Review (STR) and implementation costs to be included within into the 2026/27 BAC and budget submission.
- In light of this, and a clear steer from the LSB for pace and urgency in delivering the Scheme transformation, the Executive suggested alternative options for the Board to consider and outlined their associated risks. This included incorporating funding for the STR and its implementation within the 2026/27 BAC and budget submission, with options to deliver the STR though an in-house team or via a hybrid approach combining external consultancy support with in-house delivery.

7. In considering the draft BAC and whether further refinement was required, particularly in relation to the proposed approach to the STR. The following points were made during discussion:

    - Board members agreed that efficiency measures alone would not address the strategic issue of demand and there was clear support for transformation in some format, subject to available finding.
    - To support fully informed budgetary decision-making by the LSB and MoJ, it was recommended that the BAC be refined to clearly set out: the OLC's preferred budget option and the short- and long-term implications of not securing it; the minimum operating budget required to deliver business as usual activities with existing resources; and what each budget option would enable in addressing the strategic issue of demand. This should include delivery timelines, associated risks and consequences, the implications for LeO's customers, and the impact on delivery of the OLC's strategic objectives.
    - It was suggested that the presentation of digital transformation activity within the BAC could be improved to enhance clarity and accessibility, by bringing together transformation initiatives and their associated benefits in a single, cohesive section to maximise impact.
    - It was also suggested that the BAC be strengthened to articulate the link more clearly between the continued growth in demand and the limits of LeO's capacity to absorb that demand.
    - Board members expressed a range of views on the approach to transformation. Discussion included the following points:
        - Whether the 2026/27 BAC should include a high-level outline of the transformation, setting out the problem statement, options, intended outcomes, and required resources and expertise.
        - The sequencing of an independent review of the Scheme and the identification of a Target Operating Model (TOM), with some members favouring an initial review to inform LeO's future role, scope and the design of a modern Ombudsman Scheme, and others supporting earlier development of a TOM.

  - A multi-year budget approach under which the 2026/27 BAC would incorporate business-as-usual efficiencies and funding for early-stage transformation activity, with delivery funded through future budget cycles.
  - The importance of agreeing a clear vision, aims and objectives for transformation, linked to wider strategic considerations and improving the clarity and accessibility of information on digital transformation activity and its associated benefits.
- The Board discussed the challenge posed by the annual nature of the BAC process, particularly in the context of longer-term strategic change. It was suggested that the transformation budget request be framed as an investment rather than expenditure, supported by a longer-term, potentially multi-year view that set out what the organisation could deliver if an appropriate budget were approved.
- It was noted that closer alignment between the LSB and MoJ would be critical to effective future budgetary decision-making, with a shared position and effective three-way discussions supporting mutual understanding of constraints and areas of flexibility.

8. In terms of the next steps, the following actions were **agreed**:

ACTION: The OLC Chair to prepare a concise summary of the key changes required to clarify messaging within the BAC and circulate it to Board members for agreement, following which it will be shared with the Executive.

ACTION: The Executive to revise the BAC in line with the agreed changes and submit an updated version for Board consideration at the February meeting.

ACTION: The Executive to develop a clearer outline of potential Scheme transformation pathways, including indicative scope and sequencing, for Board consideration at the February meeting, alongside discussions on the development of the OLC's 2027–30 Strategy.

ACTION: The OLC Chair to give further consideration to membership of a transformation sub-group, taking into account Board member availability and meeting requirements.

ACTION: The Executive to liaise with the LSB to seek an extension of the BAC submission deadline.

ACTION: The Executive to continue to engage with the LSB and MoJ on the approach to the Scheme transformation.

9. The Board **noted** the update on the 2026/27 budget and business plan.

Item 3 – Update on LeO's digital transformation strategy

10. The Board received an update on LeO's digital transformation strategy, including progress to date and priorities for 2026/27, and discussed emerging opportunities and challenges. The following points were noted:

    - Notwithstanding significant budget disparities across the Ombudsman sector, LeO compared favourably in its adoption of digital and AI technologies, including data transformation, digital services, and Copilot.
    - Copilot licences had been issued to an initial 60-user pilot group, with wider rollout planned. Copilot was being used as a personal productivity tool, reducing the time spent on routine tasks, improving consistency of outputs and delivering incremental efficiency savings which were expected to increase as adoption matured.
    - The key challenge relating to the use of Artificial Intelligence (AI) and technology included limited financial and human resource. This constrained LeO's ability to realise further efficiency gains as developing in-house digital and AI expertise would help contain external costs and accelerate delivery, including through the use of discrete AI agents for defined tasks.
    - Addressing concerns about AI accuracy through a proportionate and evidence-based approach was another concern. A broader shift across the Ombudsman sector from AI governance towards effective implementation, supported by established oversight frameworks, was noted.
    - A further challenge related to interpreting, validating, and assuring AI outputs relative to human accuracy.
    - LeO's approach to digital transformation was holistic, focusing on identifying the most appropriate digital solutions to meet organisational need. This included the use of off-the-shelf or bespoke solutions, and the application of both traditional

automation and AI where appropriate. While this approach would remain unchanged were additional financial resources available, delivery would be accelerated.

11. The Board discussed the potential challenges associated with recruiting and retaining an in-house team of AI and digital specialists and was reassured that LeO's employee value proposition, organisational culture and development opportunities were key enablers in attracting and retaining skills, despite wider market pressures.

12. The Board also discussed the approach to training staff in the consistent and appropriate use of AI tools, including Microsoft Copilot, and embedding their use within core operational practice. It was noted that Copilot licences were issued only following completion of mandatory external and in-house training, supported by peer learning, team discussions and ongoing refinement of AI governance informed by user feedback. While AI was not yet fully embedded within standard operating models, role expectations, or induction programmes, it was confirmed that certain AI-enabled processes, particularly those supporting transparency and the quality assurance of Ombudsman decisions, would become mandatory over time and incorporated into training and induction arrangements.

13. Welcoming the learning emerging from Copilot use, including the role of peer learning, the Board requested that the next digital transformation strategy update included further detail on staff training and operational expectations following its rollout.

    ACTION: The Joint Interim Chief Executive to ensure that the next digital transformation strategy update includes further detail on staff training and operational expectations following the rollout of Copilot.

14. It was suggested that Ability Net could be a useful resource in supporting the accessibility of AI for neurodivergent staff.

15. The Board **noted** the update on LeO's digital transformation strategy.

Item 4 – Joint Interim Chief Executive's Report

16. The joint Interim Chief Executive's presented a report updating the Board on activity and performance in quarter three across all areas of LeO's strategic and operational focus.

17. In discussion, the following points were made:

- Demand continued to accelerate in Quarter 3, with significant year-on-year growth and further increases expected in Quarter 4. Record monthly intake levels were reached, with daily complaint volumes consistently exceeding anticipated thresholds. Demand was now considered structurally unsustainable within LeO's current operating model, and focus had shifted from understanding demand to mitigating its impact.
- The impact of increasing demand had been exacerbated by the delay in ministerial approval of the 2025/26 budget, which constrained timely operational recruitment. Following budget approval, additional staff were recruited, and early capacity improvements were beginning to take effect, with increased front-end throughput and reductions in front-end backlogs expected in the coming weeks.
- Unallocated investigations, whilst currently lower than anticipated, were expected to increase as a result of the additional recruitment.
- Output levels had initially remained subdued due to delays in recruiting investigators but were beginning to increase as new staff progressed through LEAN training. Further increases in output were expected as the impact of this training was realised.
- The development of an early-insight dashboard had improved visibility of demand drivers and enabled earlier trend analysis. Initial insights indicated that the highest volumes of complaints related to conveyancing, alongside an increase in AI-generated complaints at first tier and higher levels of pre-action correspondence. While this correspondence was often well-structured, it could contain inaccuracies or unsupported assertions. Consideration would be given in Quarter 4 to the appropriate use of AI to support analysis of early-insight data.
- A pay and grading review had been initiated to address longstanding staff concerns regarding pay and reward. Phase one was underway, with staff briefed, line managers trained to rewrite job descriptions for evaluation, and staff workshops taking place to inform the future pay and grading structure. Phase two would focus on pay and grading design and modelling. While the review had generated some staff anxiety, particularly around potential outcomes such as

red-circling, assurances had been provided that the review was not linked to redundancies and would be conducted with a focus on fairness and transparency. Staff Council was fully engaged, and further face-to-face staff engagement, including visits to regional hubs, was planned.

- The Board reflected on wider staff sentiment, noting some emerging uncertainty arising from the cumulative impact of multiple change initiatives, including AI, pay and grading, and leadership transitions. Members emphasised the importance of clear, consistent and authentic communication with staff, being transparent about the rationale for change while avoiding false reassurance. Meaningful staff engagement, including use of the Staff Council as a trusted channel for raising concerns, was highlighted as an important mitigating factor.
- In considering the potential impact of the Model Complaints Resolution Procedure (MCRP), which was at a consultative stage, the Board was advised that an initial reduction in demand of around 5% had been forecast, with the potential for a further reduction of approximately 5–10% through reduced demand or earlier complaint resolution, if widely adopted across the sector. Initial feedback from service providers involved in testing indicated improvements in first-tier complaint handling and wider internal processes. While communications had been deliberately cautious to date, reflecting the limited scope of testing, the Executive anticipated being able to communicate more confidently following completion of the call for input and the greater availability of supporting evidence from participating firms and wider sector feedback.

18. The Board **noted** the Joint Interim Chief Executive's report.

Item 5 – Integrated Performance Report

19. The Board reviewed the integrated performance scorecard for Q3 2025/26. In discussion the following key points were made:

- Attrition levels had reduced significantly and were below historical targets.
- Sickness absence had increased, driven primarily by seasonal illness and mental health-related absences. The overall rise in sickness absence days reflected the extended duration of some mental health absences, many of which were not work-

related. HR and line managers continued to work closely to ensure absences were actively managed and that appropriate arrangements were in place to support individuals.

- It was noted that Mental health absence had been discussed at the RemCo meeting in March, where members had emphasised the importance of continued monitoring by managers and appropriate support for staff.
- The Board noted the cumulative impact of organisational change, particularly for those returning from extended periods of absence, and emphasised the importance of ensuring appropriate support on return to work and the continued monitoring of staff wellbeing throughout the period of organisational change.
- The Committee reflected on whether the existing HR people metric targets remained appropriate in light of improved performance and noted that consideration would be given to lowering these targets through the appropriate performance and risk governance routes and in discussion with RemCo.
- An improvement in the overall risk position since Quarter 2 was noted.
- The strategic risks relating to Budget variance, staff attrition and leadership resilience had reduced and were now positioned within optimal tolerance.
- Failure to meet business plan improvements had escalated to a strategic issue. All four strategic issues were classified as high or critical and were primarily driven by sector led demand.
- All strategic risks and issues continued to be closely monitored and reviewed by ARAC.
- The Board discussed the accommodation risk, noting confirmation from the Government Property Agency (GPA) that no GPA hub would be available to LeO until 2029 and that LeO would therefore remain in its Birmingham premises until that time. It was noted that the Executive would reconsider this risk at year end, including whether it should remain a strategic risk or be managed at business unit level, and how future accommodation options, taking account of cost and operating model implications, should be assessed ahead of the lease break clause.

- It was noted that, once the 2026/27 budget had been agreed and the associated business plan finalised, the appropriateness of the current strategic issue relating to absorbing demand would need to be reconsidered, including whether it should be redefined particularly as LeO's current operating model could no longer absorb demand. This would be taken forward in discussion with ARAC and as part of the wider 2026/27 risk governance process.
- The audit of recruitment and vetting had received a moderate assurance rating. A full report on this would be presented to ARAC at its next meeting.
- The Committee received an update on the financial position, noting that unit costs remained outside tolerance due to increased activity following ministerial budget approval.
- Budget variance remained within tolerance, with work underway to bring forward appropriate 2026/27 activity where possible to sustain this position at year end and ease future budget pressures. In light of anticipated constraints on future budgets, the Executive committed to maximising the use of available funding in 2025/26 and to closing the year within tolerance.
- An operational update was provided on digital and operational transformation activity implemented to manage increasing demand. This included the introduction of Early Resolution Plus, with plans for further expansion following its early success; additional recruitment within the General Enquiries Team, improving throughput of cases into Early Resolution; the implementation of revised induction, support and development models; and increased flexibility to redeploy operational resources to other priority areas as required.
- Members emphasised the importance of strengthening the external narrative to ensure that stakeholders understood the scale of operational transformation already delivered and that, notwithstanding the increased productivity this had achieved, a gap remained due to the continued growth in sector-led demand.
- Customer experience metrics remained stable despite increased demand, with no deterioration in service quality and customer feedback continuing to inform operational improvements.

- Increasing demand, combined with improved operational throughput, had placed growing pressure on corporate functions whose capacity had not increased for several years. While there was no growth provision included in the 2026/27 budget, and despite ongoing efficiency efforts, a point would be reached at which further workload increases could no longer be absorbed and additional corporate resource would be required.

20. The Board **noted** the integrated performance report.

Item 6 – EDI Update

21. Board received a twice-yearly update on progress against the EDI action plan. In discussion, the following key points were made:

    - Eighty-eight percent of the 2025/26 EDI action plan had been delivered, with full delivery anticipated within the financial year.
    - EDI data capture rates had increased significantly following the integration of monitoring questions into the online complaint form, improving data quality and customer experience, and increasing confidence that the data was representative of LeO’s customer base. This enhanced insight was supporting more effective analysis of customer vulnerabilities and access needs and would inform improved reporting, staff guidance, training, website content, service design and strategic direction.
    - A Transgender Transitioning at Work policy had been drafted. This would be reviewed and finalised once external guidance from the Equality and Human Rights Commission had been published.
    - Staff networks continued to evolve. The Men’s Health and Wellbeing Network had been introduced and positively received, with high levels of engagement at its first event and positive feedback reflected in improved male engagement scores from the 2025 Civil Service People Survey. Further consideration would be given to how staff networks could work collaboratively to support colleagues across shared themes, including mental health.

- The Board sought assurance on how external perceptions of LeO as an employer were being addressed and how the positive employee experience reflected in staff networks, EDI data and internal feedback was being more effectively communicated. In response, the Executive acknowledged a gap between some external perceptions and internal sentiment, noting that EDI data and staff insight would be used to strengthen positive narratives across recruitment materials, social media, and the LeO website. This work would draw on improved EDI data, Civil Service People Survey results and evidence of increased staff inclusion and fair-treatment scores. Collaboration with the Communications Team was highlighted as key to aligning messaging across external channels to reinforce LeO's employee value proposition, support attraction, and retention, and promote the high-trust, high-performance culture to which LeO aspires.
- LeO was fully compliant with the revised Race at Work Charter and was exceeding expectations in several areas.
- The Board noted the forthcoming social mobility survey, which would be issued to Board members, senior leaders, managers, and Ombudsman. The results of this would be benchmarked against the civil service, wider public sector, and the legal sector, analysed and reported back to the organisation. The findings, which were not expected to differ from previous years, would be used to support a positive narrative for attraction and retention purposes.
- The Board questioned whether the current EDI governance arrangements were best structured to drive progress or whether an alternative approach was required. It was noted that existing groups, including staff networks, the EDI Steering Group, the Executive and the Board, were contributing effectively within their respective roles and levels of influence, and this was supported by a range of feedback and listening mechanisms. However, as EDI was not yet consistently embedded across the organisation, consideration was being given to introducing the EDI objective for all staff to reinforce shared ownership and support the next phase of cultural development.
- It was confirmed that EDI considerations were embedded within all organisational change and transformation activities, including digital transformation and the pay and grading review, with equality impact assessments undertaken at the outset

and early engagement with EDI leads and staff networks. In relation to the pay and grading review, EDI principles were central to the design and delivery of the programme, with a strong emphasis on fairness, transparency, and staff participation, supported by early impact assessments, extensive engagement, and inclusive governance arrangements, including diverse representation on evaluation panels.

- It was confirmed that LeO currently held Disability Confident Level 2 status, with plans in place to progress to Level 3, supported by the Business Disability Forum. The Board noted that forthcoming changes to the scheme would not adversely affect the organisation.
- The EDI Board Sponsor thanked the EDI Manager for all their contribution to EDI and the progress that had been made.

22. Following a detailed discussion, the Board **noted** the EDI update.

Item 7 – Transparency publications reports

23. Board members **confirmed** the accuracy of their entries on the Board member register of interests and **approved** the publication of the Q3 2025/26 Board member register of interests report.
24. The Board **approved** the Q3 2025/26 ombudsman and senior manager register of interest for publication but requested clarity on whether there were any rules or restrictions governing the nature or number of external interests that members of staff could hold, and how this was assessed in practice.

    ACTION: The Data Protection and Information Compliance Officer to confirm whether there were any rules or restrictions governing the nature or number of external interests that members of staff could hold, and how this was assessed in practice.

25. The Board **approved** the Q3 2025/26 Board member and senior manager's expenses report for publication.
26. The Board **approved** the Q3 2025/26 gifts and hospitality report for publication.

    ACTION: The Board Governance Manager to arrange for the Q3 transparency reports to be published once updated.

Item 8 – Previous minutes and actions and matters arising.

27. The Board **approved** the minutes of the Board meeting held on 17 December 2025 and for accuracy and for publication.

    ACTION: The Board Governance Manager to arrange for the minutes of the Board meeting held on 17 December 2025 to be published.

28. The Board **approved** the minutes of the RemCo meeting held on 20 March 2025 for publication.

    ACTION: The Board Governance Manager to arrange for the minutes of the RemCo meeting held on 20 March 2025 to be published.

29. The Board approved the minutes of the RemCo meeting held on 18 June 2025 for publication.

    ACTION: The Board Governance Manager to arrange for the minutes of the RemCo meeting held on 20 March 2025 to be published.

30. The Board **noted** the update on actions from previous meetings.

Item 9 – Redactions and non-disclosure report

31. The Board **approved** the items identified for redaction and non-disclosure in the January Board pack.

    ACTION: The Board Governance Manager to arrange for the January Board papers to be published in line with the redactions and non-disclosures approved by the Board.

Item 10 – Board effectiveness

32. Patricia Tueje, Steve Pearson, and David Peckham were appointed strategy champions for this meeting and provided feedback on which session had worked well strategically and why; which paper had been the most useful strategically and why; and where there was learning and value in doing things differently in the future to occupy a more strategic space. The following key points were made:

- The most strategically valuable papers had been on the BAC, LeO's digital transformation strategy, EDI, and the integrated performance report. The BAC paper was regarded as strategically important in fulfilling the Board's role in challenge and scrutiny, particularly in testing assumptions underpinning transformation and future direction. The papers on LeO's digital transformation strategy, EDI and performance had been well written which had facilitated informed and effective strategic discussions.

- The most strategically valuable session had been the 2026/27 budget, business plan, and the discussions on transformation. This session was regarded as effective because it created space for challenge, reset and alignment, rather than simply reviewing a near-final position.

- It was suggested that there may be learning and value in engaging the Board earlier on key strategic issues and using the Board as a forum to test the Executive's thinking, particularly where competing external pressures existed.

- Overall, the meeting had been constructive, reflecting a positive and mature dynamic between the Board and the Executive.

Item 11 – Any other business

33. Board members that had requested accommodation for the forthcoming Board meeting in Leeds were advised that they would soon receive an email from the hotel regarding the payment process.

34. The OLC Chair formally thanked Patricia Tueje for her contribution and commitment to the OLC and wished her well for the future.

35. It was noted that Georgina Philippou would assume the role of EDI Board sponsor.

36. The OLC Chair formally thanked the joint Interim Chief Executives for their contribution and leadership in the intervening period following the departure of the Chief Ombudsman.

37. There was no other business.