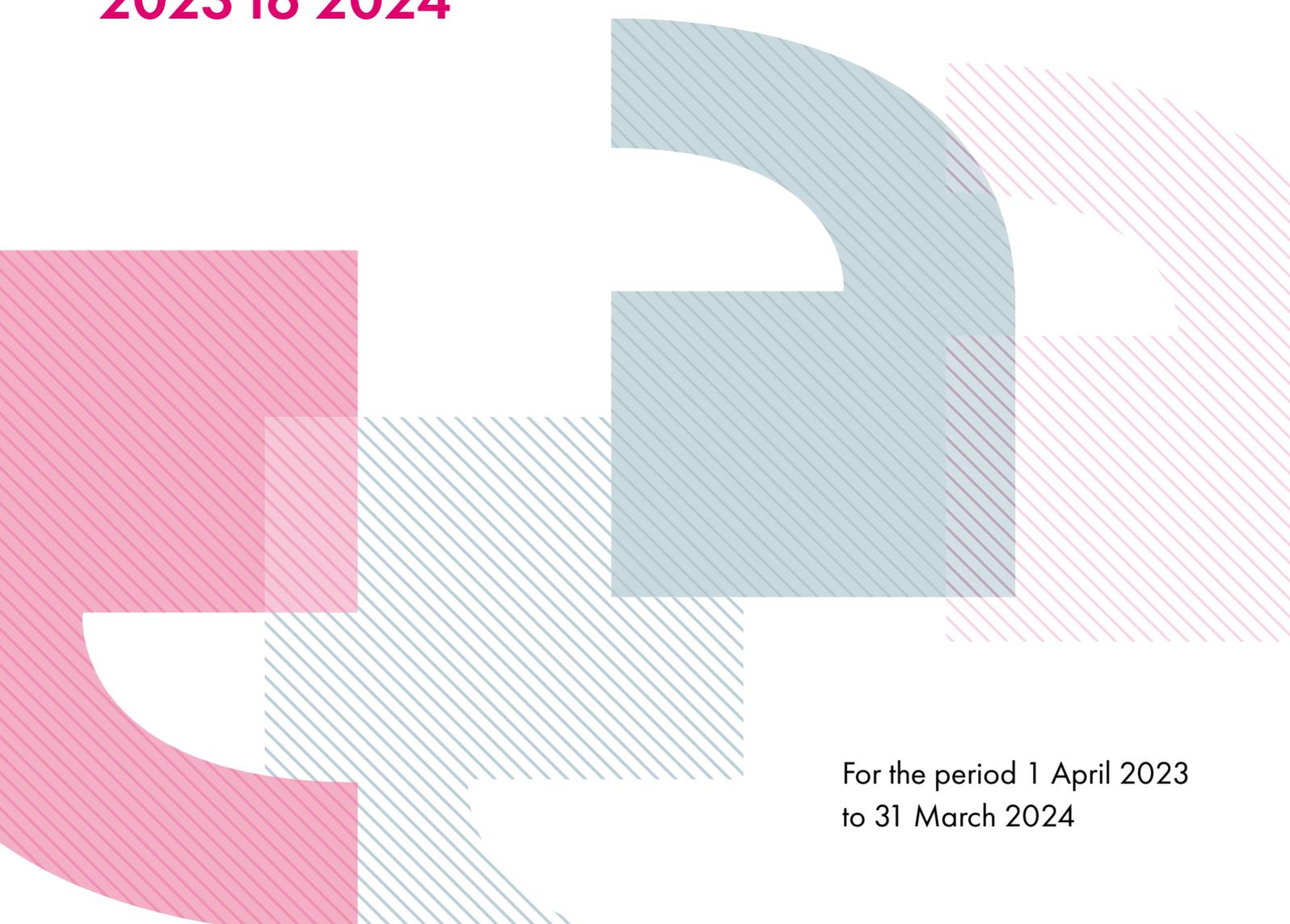


Office for Legal Complaints

# Annual Report and Accounts

2023 to 2024



For the period 1 April 2023  
to 31 March 2024

Office for Legal Complaints

# **Annual Report and Accounts 2023 to 2024**

**For the period 1 April 2023  
to 31 March 2024**

Presented to Parliament pursuant to Section 118 of the Legal Services Act 2007

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HC 94



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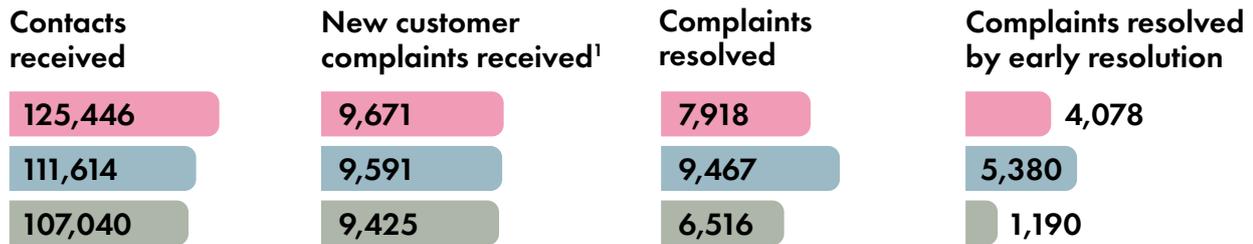
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# Performance report

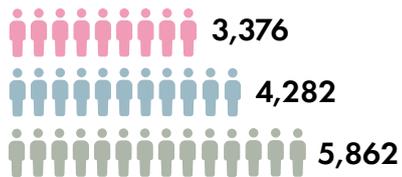
This Performance Report sets out how far the Legal Ombudsman (LeO) met its strategic objectives and Business Plan priorities in 2023/24, its performance against its key performance indicators and the risks it managed. It also details activities relating to LeO's people, highlights work on equality, diversity and inclusion, and provides updates on other areas of LeO's operations.

## The Legal Ombudsman's performance in 2023/24

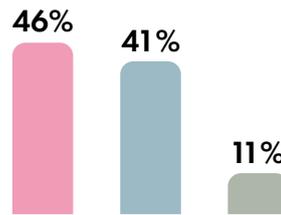
**Key** ■ 2023/24 ■ 2022/23 ■ 2021/22



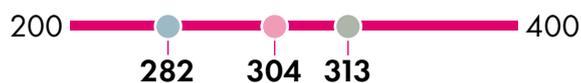
### Queue of people waiting for investigation at 31 March



### Complaints resolved within 90 days<sup>1</sup>



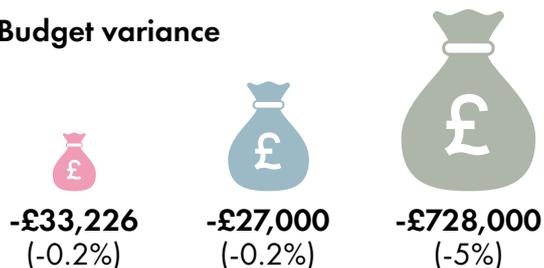
### Customer journey time (days) – all cases



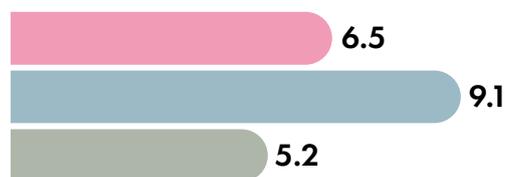
### Customer journey time (days) – early resolution



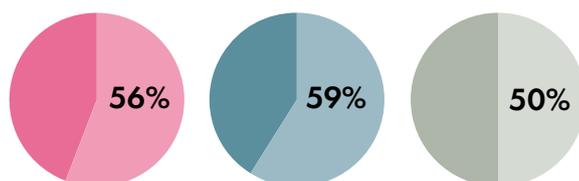
### Budget variance



### Average complaints resolved per investigator each month



### Employee engagement



### Learning and insight opportunities



<sup>1</sup> New measure for 2023/24

# Foreword from the Chair of the Office for Legal Complaints



**Elisabeth Davies | Chair, Office for Legal Complaints**

## A story of confidence

In the four years since I became Chair of the Office for Legal Complaints (OLC), the OLC Board has overseen a long, challenging journey by the Legal Ombudsman (LeO). Building on the substantial progress LeO has made since 2021/22, the data and actions in this annual report once again show a clear improvement trajectory.

However, words and numbers on a page can't tell the full story. More than anything, LeO's journey has been one of growing confidence – something that's felt rather than seen.

First, we saw restored confidence that LeO recognised the need for change. Then, confidence also that LeO was listening to feedback, and open to all options, about what that change could look like. After that, confidence that the changes were making a difference. And ultimately, confidence that LeO can do the job it was set up to do: helping people to resolve complaints about legal providers, often at life-changing times.

Together, the 2023/24 Business Plan and the interim strategy represented an ambitious programme of further change and improvement. However, as has been the case throughout this journey, neither the OLC nor LeO have been complacent about the nature and scale of the task. That's why the OLC committed to maintaining a laser-like focus on getting LeO to a level of performance and customer experience that is both acceptable and sustainable in the long run – holding LeO to account for how it delivered against its these objectives.

As the Chief Ombudsman highlights, at the end of 2023/24, users and providers of legal services relying on LeO's help to move forward are having a substantially better experience. The transformation LeO has made in its ways of working have been sustained: in more than half of cases, the parties involved are able to get an early resolution to their complaint, without needing to wait for a full investigation.

## Adapting and evolving

The credit for this goes, as ever, to LeO's people, who can be rightly proud of the unstinting customer focus, determination and flexibility they've shown in making and sustaining this step-change.

And they've done so in a year that has been far from straightforward. LeO has continued to face a number of headwinds to its path to improvement – which mean, despite such clear progress, waiting times for those whose complaints do need investigating are higher than anticipated or is acceptable.

These headwinds are not all within LeO's control. Significant among them is the high level of attrition LeO has faced, rooted in large part in constraints on its employee offer, even while it has done all it can to recognise ongoing cost-of-living pressures on its people. However, while LeO looks to find longer-term solutions to these constraints, the OLC has seen the tangible steps forward in culture and engagement delivered by its People Strategy and continued focus on promoting equality, diversity, inclusion and wellbeing – set out in much more detail in this report.

Another factor has been the implementation of new Scheme Rules – which, while they will ultimately bring greater proportionality, has required more resource than anticipated. However, an agile response from LeO put things back on track in the second half of the year.

The way in which LeO has responded to these headwinds speaks to the evolution and improvement of its approach to risk management, including how they are escalated to the OLC Board. We've continued to actively challenge and seek assurance on LeO's plans – always with a view to balancing confidence with realism. The substantial internal audit ratings received reflect the progress that LeO has made.

This report outlines the ways the OLC has continued to maintain high standards of governance and accountability more broadly – including the action we are taking in response to an independent review of the Board's effectiveness.

## Ambitions for LeO

As the Chief Ombudsman also notes, at the same time as LeO has faced these challenges, more people have been contacting it for help with concerns and complaints about legal services. While there are undoubtedly many in the sector focused on good practice and improvement, LeO's most recent annual data doesn't tell a positive story about standards of service or complaints handling.

This takes me back to confidence. A few short years ago, my conversations with LeO stakeholders were almost exclusively focused on LeO's own performance. It's testament to how far LeO has come that, as the OLC looked this year to develop a new three-year strategy, our conversations reflected genuine ambitions for LeO on the part of a majority of those stakeholders.

The strategy, which we published in April, has two core objectives. In three years' time, we want to say with confidence that LeO is delivering an excellent experience for those relying on it. We're also ambitious about establishing LeO as a constructive and strategic voice for improvement in the legal sector.

These objectives are fundamentally linked. LeO's ability to deliver relevant, impactful learning and insight depends on its providing a timely, effective and efficient service. Equally, LeO can't deliver a timely, effective and efficient service if it doesn't feed back what it's seeing, helping legal service providers and consumers prevent issues and complaints at source.

As we said in our consultation, this will be a journey for LeO – and the legal sector – over the course of the strategy. It represents the next part of the confidence story – how we move forward from a foundation of confidence in LeO, to a position where LeO itself is foundational to confidence that legal services are really working for those relying on them.

Thank you again to everyone at LeO – and to the OLC Board, who have once again provided constructive challenge and support in equal measure.

There's so much to be proud of in this annual report, and so much to be excited about in the future.

# Report from the Chief Ombudsman



**Paul McFadden | Chief Ombudsman**

## Sustaining a step change

Last year's annual report and accounts looked back at a year of transformation. Thanks to the hard work of everyone at LeO, we'd made a step change in what we delivered – reaching a high-water mark in our history of resolving legal complaints.

In 2023/24, we're once again able to report on a year in which we've not only built on previous improvements, but laid firm foundations for the next phase of LeO's journey.

Our Business Plan for 2023/24 set out three priorities. First, we'd do everything in our power to reach the level of service our customers expect from us. A focus our people would ensure that, by the end of March 2024, we'd significantly improved consumers' and legal providers' experience.

We would improve both the proportionality and efficiency of our service – changing our Scheme Rules to ensure we could truly take the right approach at the right time for each individual complaint. As we did so, we'd monitor and strengthen the accessibility and quality of our service.

And we'd continue to share our experience and insight, supporting legal providers to resolve complaints or prevent them altogether – while exploring how we could increase our impact in this space.

Although 2023/24 was far from straightforward, we ended the year having resolved the number of complaints we'd aimed to – around 8,000 – and having made further significant progress in reducing the number of people waiting for an investigation, which fell by 21%.

At around 9,700, new complaints were ultimately 0.8% higher than the previous year, against an originally expected reduction of 10% following our Scheme Rule changes. Reflecting higher underlying demand, without those changes we would have seen well over 10,000 new complaints.

Having fundamentally shifted our service last year toward the early resolution of complaints, we once again used this approach in more than half of all complaints referred to us – with the parties getting an outcome from us in 49 days.

## A year of two halves

The fact that – despite these improvements – we didn't reduce our queue and waiting times to the extent we'd expected reflects the scale of the challenges we faced.

While transitioning to our new Scheme Rules, we chose to use a significant amount of discretion in applying our new time limits. Although this was the right thing to do, it meant that we didn't see the reduction in complaints we'd originally planned for. At the same time, underlying demand for our service tracked higher year-on-year.

We also continued to feel the impact of external constraints on pay and benefits – losing a significant number of skilled people to similar schemes with the ability to offer substantially more.

Taken together, these factors meant we didn't make the headway we'd planned to in the first six months.

As this report shows, however, 2023/24 was a year of two halves.

In the second, the outlook shifted significantly – thanks in large part to the concerted action we've been taking under our People Strategy to do everything within our control to make LeO a great place to work. Attrition in the second half of the year was just a quarter of the levels we'd seen in the first. Our people's feedback continues to show frustration over pay and benefits, but a strong connection with LeO's purpose.

Having diverted resources to manage the impact of Scheme Rule time limit checks, we began to see the rule changes' intended impact.

And across all the complaints we resolved, including the half we investigated in full, 46% were resolved within 90 days – the gold standard for alternative dispute resolution schemes – compared to 41% in 2022/23 and 11% in 2021/22.

## Delivering value – both efficiency and prevention

With our funding coming from the legal profession, but treated as public money, LeO is doubly conscious of the need to deliver value.

This report highlights numerous examples of our commitment to this: realising the impact of early resolution on productivity, expanding our use of automation and exploring the potential for more, and ensuring our processes are lean and efficient by commissioning an end-to-end review.

In comprehensively reviewing our quality framework, we've ensured we'll have greater assurance going forward about the robustness of our outcomes and generate better insights to enable us to continuously improve what we do.

Our focus on agility in how we manage our resources means we've delivered our service on a budget that, at the time it was set, represented a cut in real terms – in a year we received 12% more contacts than in 2022/23: a total of around 125,000.

We've always been clear that typical measures of efficiency, including unit cost, don't adequately convey the value of ombudsman schemes. Much more of that value comes in preventing demand for schemes like ours in the first place.

In this report, we highlight how we've continued to deliver learning and feedback to the legal profession, including through practical webinars, focused interventions, tailored engagement and technical advice.

As the Chair explains in her own introduction, while we tackled the immediate challenges 2023/24 presented, it was a year very much focused on the future.

Through the conversations we've had with our stakeholders about the OLC's new three-year strategy for LeO, those representing legal providers and users alike have told us they see the value of investing to save – ensuring LeO is equipped to effectively prevent complaints, as well as resourced to resolve them once they've arisen

## Looking ahead – a better LeO and a better sector

LeO's latest annual data on complaints, summarised in this report and due for publication in the near future, highlights the need for this rebalancing of emphasis. Across all complaints we investigated, we found evidence of poor service in 69.4%, and of poor complaints handling in 45.9%.

The new strategy for LeO sets out how we'll grow the impact and influence of our independent voice and experience – so they help drive higher standards of service and complaints-handling in the legal sector, and improve outcomes for the people relying on it.

That strategy, together with the plans for its first year, 2024/25, is published on our website. It also sets out, as an equal strategic priority, our commitment to continuing to evolve LeO's service – so that, by the end of March 2027, we can say we're representing excellence in complaints handling: accessible, impactful, and efficient.

As the Chair emphasises, we're never complacent about the work ahead. But thanks to the hard work of everyone at LeO, we can look back on how far we've come – and forward with a real sense of ambition.

# Performance overview

## About the Office for Legal Complaints and Legal Ombudsman

Legal Ombudsman scheme (LeO) was established by the Office for Legal Complaints (OLC) under the terms of the Legal Services Act 2007 (the Act). The Act also established the Legal Services Board (LSB) to oversee the regulation of the legal profession in England and Wales. Both the OLC and the LSB are arm's-length bodies of the Ministry of Justice (MoJ). LeO's work supports and aligns with the regulatory objectives.

**LeO's website** gives more detail about how it is governed and organised, including LeO's structure and leadership and the OLC's meetings and committees.

LeO has two core roles. It resolves complaints about providers of legal services that haven't been resolved to customers' satisfaction – as quickly and informally as possible. LeO covers the majority of legal services provided in England and Wales. The rules and limits about what complaints LeO can help with are set out on its website. From 1 April 2023, a number of changes to these rules took effect (see page 22 of this report).

The second vital part of LeO's work is sharing learning and insight from the complaints it sees. This promotes better complaint handling, prevents future complaints and helps drive higher standards in legal services.

From 2021/22 onwards, LeO's focus has been on rebalancing its service toward the early resolution of complaints wherever this is appropriate – helping to reduce waiting times and improve the experience of both legal service users and providers. Having reached the end of its 2020-23 strategy, but recognising LeO remained on an improvement trajectory, for 2023/24 the OLC developed a tightly-focused interim strategy, refocusing its strategic objectives for a final year.

The OLC has now consulted on and published a new strategy for LeO, which will run from 1 April 2024 to 31 March 2027. It has also consulted on and published its Business Plan and Budget for 2024/25 – the first year of the new strategy.

The strategic objectives and Business Plan priorities for 2023/24 are summarised on the next page. The OLC's past and current strategies and business plans for LeO are published in full on **LeO's website**.

## The OLC's 2023-24 Strategy and 2023/24 Business Plan Priorities

<b>Vision 2023-24</b>	
Our independent voice gives confidence to users and providers of legal services, helping to underpin a thriving and improving legal sector	
<b>Mission 2023-24</b>	
We resolve legal complaints fairly, impartially and as early as possible, and share our experience to improve legal services	
<b>Strategic Objectives 2023/24</b>	<b>Business Plan Priorities 2023/24</b>
Improving customers' experience with LeO as we lay the foundations we need to provide and sustain a high level of service	Deliver our commitment to reduce waiting times by engaging and retaining skilled and motivated people
Ensuring our ways of working and Scheme Rules enable us to provide valued redress, giving the right outcome at the right time	Take further steps toward being efficient and proportionate while maintaining quality and accessibility
Working transparently and collaboratively to support improvements in the legal sector and access to justice	Develop our understanding of the insights stakeholders value, and how we can increase our impact in providing insight and improving the legal sector

Starting in 2021/22 and continuing through 2022/23 and 2023/24, LeO has made significant progress in becoming a more proportionate service, rebalancing its approach towards the early resolution of complaints wherever possible. These flexible, pragmatic approaches accounted for 51.5% of all the complaints LeO resolved this year (56.8% in 2022/23 and 18.3% in 2021/22).

During the year the Legal Ombudsman updated the **information on its website** about what people can expect when they refer a complaint for an independent view. This sets out the different approaches LeO might take to resolving a complaint, and the choices people have at each point in the process.

The graphic below shows how many enquiries and complaints were resolved at each stage, and the different areas of law involved in the complaints LeO resolved in 2023/24. It summarises LeO's full annual complaints dataset, which will be/is published on LeO's website.

LeO's 2023/24 data will provide a baseline for LeO's work under the new 2024-27 strategy, including its strategic objective that its independent voice experience lead to improvements in legal services. The importance of this focus is underlined by the general lack of improvement over recent years in the standards of service and complaints handling that LeO finds in the complaints it investigates.



**LeO has made significant progress in becoming a more proportionate service, rebalancing its approach towards the early resolution of complaints wherever possible.**

## What did the Legal Ombudsman see in 2023/24?



How many complaints did LeO accept?

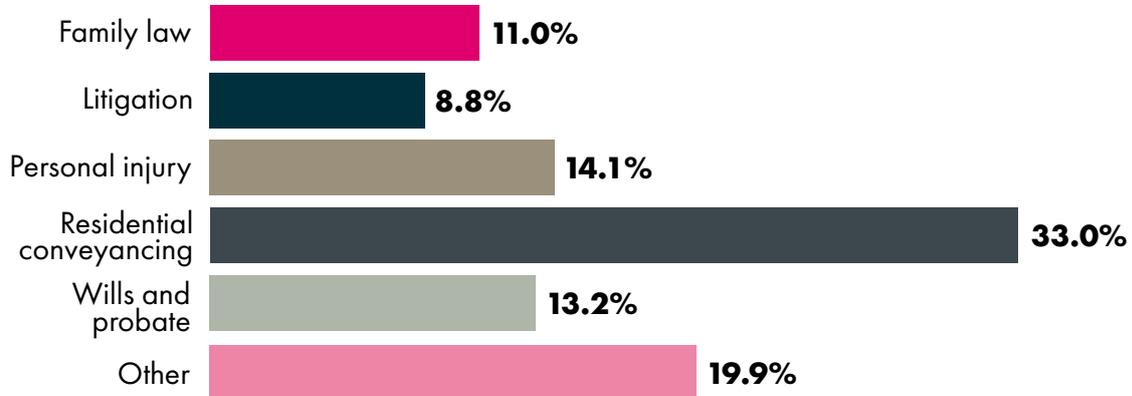
**6,652**



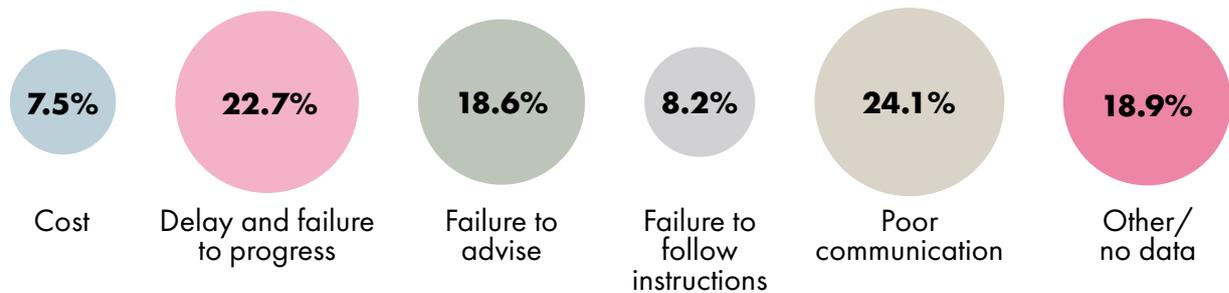
How many complaints did LeO resolve?

**7,918**

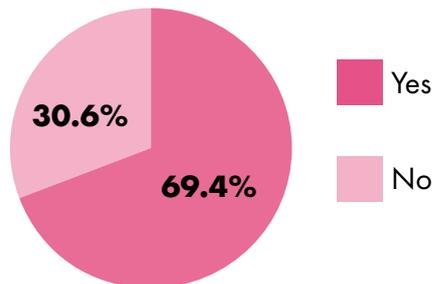
### What areas of law were the new complaints about?



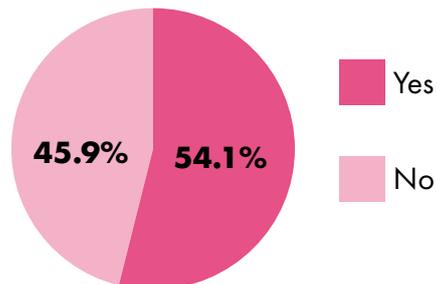
### What issues did consumers complain about?



### Did LeO find evidence of poor service?



### Was the legal providers' own complaints handling reasonable?



## Key performance indicators

In 2023/24 the Legal Ombudsman maintained its existing key performance indicators (KPIs), which provide a high-level snapshot of its operations. The National Audit Office’s 4Es model (Economy, Efficiency, Effectiveness and Equity), which includes a wider range of metrics than these KPIs, was used to monitor LeO’s performance during the year. An agreed data set was also regularly shared with the LSB, MoJ and legal sector representatives. The performance analysis provides additional context and detail about how far LeO achieved its objectives. LeO is carrying out a full review of its KPIs and full suite of performance indicators, to ensure they enable the effective monitoring of the OLC’s 2024-27 strategic objectives.

In the tables below, green text indicates that LeO met its KPI targets and red text indicates that its performance was below target.

Customer experience and quality				
Description	Actual 2022/23	Target 2023/24	Actual 2023/24	See also
<p><b>Reasonable outcome</b></p> <p>Internal quality measure asking whether the outcome of a communication, investigation, or decision was fair and reasonable.</p>	<p>General Enquiries Team: <b>86.8%</b></p> <p>Front-end Team (investigators): <b>80.1%</b></p> <p>Front-end Team (ombudsmen): <b>96.9%</b></p> <p>Investigator: <b>80.7%</b></p> <p>Ombudsman: <b>93.6%</b></p>	<p><b>95%</b></p>	<p>General Enquiries Team: <b>85%</b></p> <p>Front-end Team (investigators): <b>98%</b></p> <p>Front-end Team (ombudsmen): <b>93%</b></p> <p>Investigator: <b>75%</b></p> <p>Ombudsman: <b>92%</b></p>	<p>Page 40</p>

Customer experience and quality				
Description	Actual 2022/23	Target 2023/24	Actual 2023/24	See also
<p><b>Customer journey</b></p> <p>The end-to-end customer journey time experienced by customers who have had a file closed or resolved by investigation each month. LeO's progress in resolving older cases is shown as a decrease in performance against this measure, but is positive for customers.</p>	<p><b>20%</b> of low-complexity complaints resolved in 325 days</p> <p><b>23%</b> of-medium complexity complaints resolved in 500 days</p> <p><b>12%</b> of high-complexity complaints resolved in 500 days</p>	<p><b>80%</b> of low-complexity complaints resolved in 325 days</p> <p><b>80%</b> of medium-complexity complaints resolved in 500 days</p> <p><b>80%</b> of high-complexity complaints resolved in 500 days</p>	<p><b>12%</b> of low-complexity complaints resolved in 325 days</p> <p><b>16%</b> of-medium complexity complaints resolved in 500 days</p> <p><b>16%</b> of high-complexity complaints resolved in 500 days</p>	<p>Pages 21 -24</p>

Customer experience and quality				
Description	Actual 2022/23	Target 2023/24	Actual 2023/24	See also
<p><b>Customer satisfaction</b></p> <p>The level of satisfaction with our service at the end of the process, depending on whether or not the customer was satisfied with the outcome of the investigation.</p>	<p>Those satisfied with outcome of investigation – satisfied with service: Consumer <b>94%</b>; Provider <b>86%</b></p> <p>Those dissatisfied with outcome of investigation – satisfied with service: Consumer <b>11%</b>; Provider <b>17%</b></p>	<p><b>85%</b> satisfied with service for those satisfied with the outcome of the investigation</p> <p><b>15%</b> satisfied with service for those dissatisfied with the outcome of the investigation</p>	<p>Those satisfied with outcome of investigation – satisfied with service: Consumer <b>94%</b>; Provider <b>90%</b></p> <p>Those dissatisfied with outcome of investigation – satisfied with service: Consumer <b>7%</b>; Provider <b>13%</b></p>	Page 37
<p><b>Volume of cases awaiting assessment</b></p> <p>Cases in the pre-assessment pool at 1 April each year.</p>	<b>4,282</b>	<b>2,636-1,784</b>	<b>3,376</b>	Pages 21-24

Raising professional standards				
Description	Actual 2022/23	Target 2023/24	Actual 2023/24	See also
<p><b>Rating of our training and resources</b></p> <p>Annual measure of the views of service providers who have had a complaint investigated about whether LeO provides useful and relevant resources.</p>	<p>Guidance – relevant <b>86%</b>; useful <b>85%</b></p> <p>Training – relevant <b>91%</b>; useful <b>92%</b></p>	<p><b>80%</b></p>	<p>Guidance – relevant <b>90%</b>; useful <b>91%</b></p> <p>Training – relevant <b>90%</b>; useful <b>89%</b></p>	<p>Page 33</p>

Efficiency and resilience				
Description	Actual 2022/23	Target 2023/24	Actual 2023/24	See also
<p><b>Unit cost</b></p> <p>Monthly average cost, looking at the number of cases resolved by quarter against our costs for the quarter.</p>	<b>£1,618</b>	Monitored only (original projection <b>£1,495</b> )	<b>£2,115</b>	Page 46

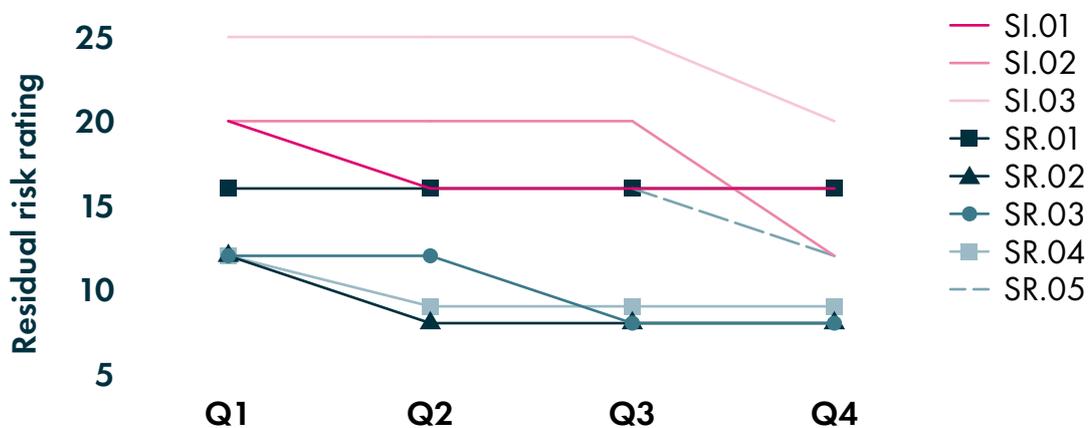
People and culture				
Description	Actual 2022/23	Target 2023/24	Actual 2023/24	See also
<p><b>Quarterly and rolling turnover rate</b></p> <p>Total leavers for the past 12 months, as a percentage of the average total permanent headcount for the period.</p>	<b>20.8%</b>	<b>21%</b>	<b>20.1%</b>	Page 107

## Summary of strategic risks and issues

Throughout 2023/24 the Legal Ombudsman actively identified and managed the risks and issues that could affect the delivery of its strategic objectives and plans. It continued to improve its risk management framework throughout the year, refining its reporting of risks and highlighting those that fall outside the range of risk tolerance. It also continued to embed a pragmatic approach to risk management, reflecting the risk appetite of the organisation, its values and culture, as well as its strategic objectives and deliverables. Page 47 gives more detail about these strategic risks and issues. Page 94 explains the way risks are managed.

Strategic risks and issues are given a green, amber, red or blue score, which is the product of scores from 1 to 5 for their likelihood and for the severity of their impact. Red and blue-rated risks and issues are considered outside tolerance. These are escalated to LeO's Executive Team or the OLC Board's Audit and Risk Assurance Committee (ARAC).

### Strategic risks and issues in 2023/24



Strategic risk (SR) or issue (SI)	Residual rating				Strategic objective	Risk appetite	Target score	Trend
	Q1	Q2	Q3	Q4				
SI.01: Backlog of Investigation cases	20	16	16	16	1, 2, 3	Open	9	↓
SI.02: Staff attrition in corporate and operations roles (not including business-as-usual investigators)	20	20	20	12	1	Open	12	↓
SI.03: Staff attrition in business-as-usual investigators	25	25	25	20	1, 2	Open	12	↓
SR.01: Failure to meet Business Plan's performance trajectory	16	16	16	16	1, 2, 3	Open	9	–
SR.02: Leadership resilience	12	8	8	8	1	Cautious	9	↓

Strategic risk (SR) or issue (SI)	Residual rating				Strategic objective	Risk appetite	Target score	Trend
	Q1	Q2	Q3	Q4				
SR.03: Risk of OLC budget variance becoming outside a tolerable position (underspend/overspend)	12	12	8	8	1, 2, 3	Minimal	8	↓
SR.04: Scheme Rules changes	12	9	9	9	2	Cautious	4	↓
SR.05: Edward House lease renewal	n/a	n/a	16	12	1, 2, 3	Cautious	4	↓

# Performance analysis

## Delivery against the 2023/24 Business Plan

In 2021/22 the OLC set out an improvement trajectory for significantly raising the standard of service that LeO provides – in particular, reducing the queue of complaints waiting to be investigated (the pre-assessment pool). LeO made fundamental changes that rebalanced its service towards minimum formality, through identifying complaints that could be resolved at an early stage and without a full investigation.

As a result of these changes, LeO has made and sustained a step change in performance in the face of some challenging headwinds (see ‘managing demand and new Scheme Rules’ below).

In 2023/24:

- LeO resolved 7,918 complaints – achieving its business plan aim of resolving between 7,555-8,128 complaints. 2022/23’s figure of 9,467 included an additional 1,800 complaints that were identified from LeO’s queue as suitable for early resolution. Excluding these exceptional early resolution opportunities, LeO’s output has continued to increase year-on-year.
- Taking together all LeO’s contact channels, it handled 125,446 contacts (12% more than 2022/23) and 9,671 new customer complaints (0.8% higher, against an expected decrease of 10%). These measures best indicate the underlying, front-line demand for LeO’s service.
- By the end of 2023/24, 46% of all cases had been resolved within 90 days – an improvement on 2022/23’s 41% and a turnaround from 2021/22, when 11% of cases were resolved within 90 days and over 80% took more than 180 days.
- In 2023/24 the half of LeO’s customers whose complaints were resolved through early resolution received an outcome in 49 days on average: a decrease of 70 days from the prior year, or 59% less than in 2022/23. These complaints have no wait time from the point when LeO knows all it needs to determine it has jurisdiction.
- LeO reduced the number of people waiting for an investigation by 21.2% to 3,376, following a 27% reduction in 2022/23. This is higher than the upper likely figure range in its business plan (2,636), but was a sustained reduction despite the challenges of attrition, Scheme Rule changes and higher-than-predicted demand (see below). As set out in its latest business plan, LeO expects to reach a working position of around 1,000 cases in the queue in 2025/26.
- The profile of the queue has changed significantly. At its peak in 2022, customers could expect to wait 16 to 24 months before their complaint reached an investigator. At the end of 2023/24, the average waiting time was approximately 7 months, or 216 days, for cases of all levels of complexity – 31 days longer than the 2022/23 average. There was no investigation queue at all for LeO’s highest-complexity complaints.

- In 2023/24 the average total journey time for all cases (combining those resolved through early resolution and investigation), was 304 days.
- The average number of complaints resolved per investigator, per month was 6.5 – combining 20.9 for early resolution and 3.5 for complaints needing a full investigation.
- At the same time, challenges of recruitment and attrition continued to constrain the headway LeO could make, as LeO lost established and experienced staff to Ombudsman schemes that could offer better pay and conditions. However, following interventions by LeO, attrition improved substantially in the second half of the year. See ‘people and organisation’ for more information.

### Managing demand and new Scheme Rules

LeO has made these improvements against a challenging backdrop. In recent years, relatively stable demand has given way to a sustained increase.

A revised set of Scheme Rules – LeO’s framework for resolving complaints – introduced on 1 April 2023 included lower time limits for customers to bring a new complaint to LeO. This has the benefit of ensuring LeO is dealing with more recent complaints, where evidence is more readily available, the parties’ recollections are fresher, and they are likely to be more open and flexible in settling the complaint.

LeO had originally projected new time limits would reduce new complaints by 10% across 2023/24. Initially, however, year-on-year demand was instead far higher. Although it slowed toward the end of the year, the actual volume of new complaints was 0.8% higher than in 2022/23.

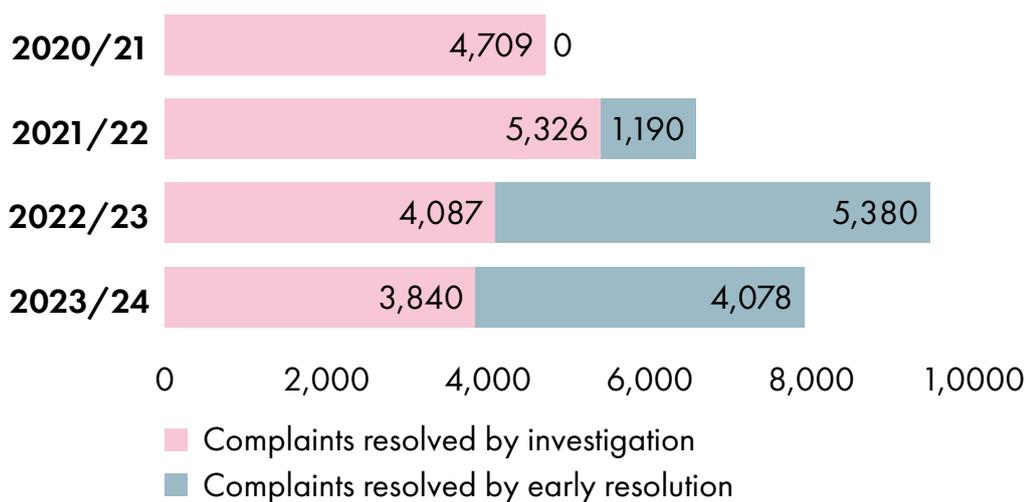
During an initial transitional period, LeO was mindful that some consumers wouldn’t have been aware of the time-limit changes. So it decided to check all complaints up front to ensure it was using its discretion fairly and reasonably over whether to accept them. This took significantly more time and resource than anticipated, and reduced the flow of cases that were able to progress through LeO’s process.

By temporarily diverting resource to initial checks, LeO increased the flow of cases. Around 600 complaints that would have flowed through in 2023/24 will now do so in Q1 and Q2 of 2024/25.

Because the Scheme Rule changes didn’t apply to cases already referred to LeO, their full effect has yet to be felt. Other rule changes relate to later stages of LeO’s process, so will only become relevant as once complaints received after 1 April 2023 reach that point.

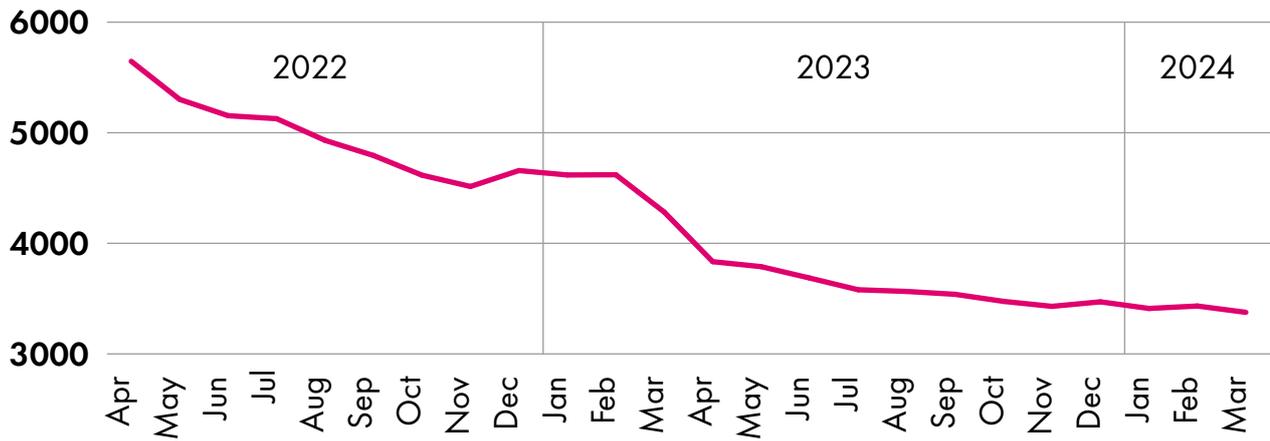
As LeO continues to monitor the new rules’ impact, it will also carry out a further review asking more fundamental questions about LeO’s rules, powers and case fees.

## Increase in complaints resolved by LeO

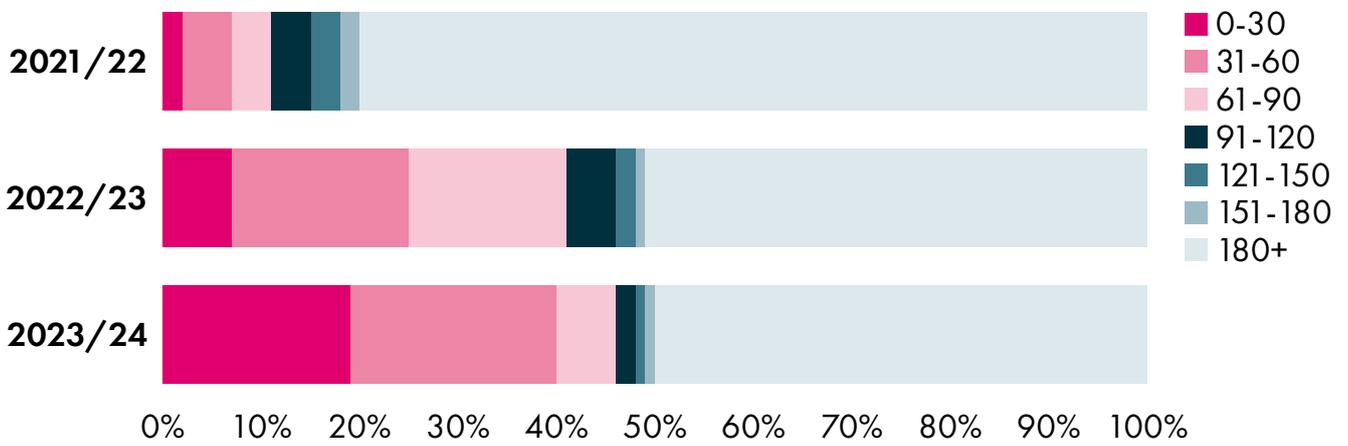


Waiting times by case complexity	March 2023	March 2024	Change
All complaints, including early resolution	185	216	17%
Low-complexity complaints	179	213	19%
Medium-complexity complaints	261	226	-13%
High-complexity complaints	227	35	-85%

### Cases in the investigation queue (pre-assessment pool)



### Days taken for LeO to resolve complaints



The following tables review LeO’s progress against each of its Business Plan priorities, as published in the **OLC’s 2023/24 Business Plan**.

Priority 1	
Deliver our commitment to reduce waiting times by engaging and retaining skilled and motivated people	
Key areas of focus	What we achieved
Delivering our People Strategy, including our work around equality, diversity and inclusion	
<p>All workstreams associated with the delivery of LeO's People Strategy, which is applicable to all of LeO's people (both operations and wider corporate teams). Recognising LeO's people are vital to our success, the strategy underpins the delivery of LeO's commitment to improve customers' experience and reduce waiting times. It creates a framework and culture that supports high performance, retention and engagement, as well as successful recruitment where required.</p>	<p>In the last year LeO has built on its previous progress towards being an employer of choice. This has involved doing everything within its power to improve its policies, practices and employee offer, in the face of constraints over aspects of its pay and conditions that present clear challenges to its ability to retain the right numbers of skilled people.</p> <p>In a year the OLC developed a new strategy for LeO, the latest Civil Service People Survey results continue to indicate its people are highly engaged with LeO’s purpose and confident in its leadership.</p> <p>The section ‘people and organisation’ gives a detailed update on what LeO achieved in 2023/24, as well as the challenges it faced.</p>

Priority 1	
Key areas of focus	What we achieved
Implementing our plans to improve LeO's performance	
<p>Work contributing to LeO's plan to improve the experience of consumers and legal service providers using LeO's service, including meeting our commitment to substantially reduce waiting times. These plans are underpinned by the People Strategy. They are also supported by work under strategic objective 1 and business plan priority 1.</p>	<p>LeO resolved more than 7,900 complaints: within its business plan target range. By the end of 2023/24, 46% of all cases had been resolved within 90 days.</p> <p>LeO also made a sustained reduction of 21% in the number of people waiting for an investigation, following a 27% reduction in 2022/23. It achieved this despite an increase in early attrition, the implementation of changes to time limits in the Scheme Rules, and higher than predicted demand.</p> <p>During the year LeO was shortlisted for an external award for service reinvention, recognising its innovative approach to transforming its processes and the impact this has had.</p> <p>See 'performance analysis' for more about LeO's progress in improving people's experience in 2023/24.</p>

Priority 1	
Key areas of focus	What we achieved
Shaping future ways of working for LeO's people	
<p>Reviewing and setting the future direction of LeO's people's ways of working, aligned with renewal of lease on Edward House. This work is supported by significant internal engagement, recognising the short and longer-term impacts of transitioning to any new arrangement on LeO's people and operations, and its centrality to LeO's future success.</p>	<p>LeO has continued to engage with its people around proposals for future ways of working, progressed negotiations on a new shorter-term lease at its Birmingham office, and engaged with MoJ and Government Property Agency around future options for moving to a GPA hub (expected from 2027).</p> <p>See 'accommodation strategy and future ways of working' for more information.</p>

<b>Priority 2</b>	
<b>Take further steps toward being efficient and proportionate while maintaining quality and accessibility</b>	
<b>Key areas of focus</b>	<b>What we achieved</b>
Embedding and monitoring the impact of Scheme Rule changes	
<p>Work encompassing the post-launch project management of Scheme Rules implementation, continuous assessment and evaluation of the outcomes and impacts of Scheme Rule changes for LeO's customers, and the scoping of Stage 2 Scheme Rule changes.</p>	<p>Changes introduced in April 2023 were designed to ensure that proportionality and the most effective use of LeO's and its customers' time are at the heart of all LeO's investigations.</p> <p>As set out above, LeO adapted its approach to the application of Ombudsman discretion to ensure that its customers, particularly those with protected characteristics, wouldn't be disadvantaged by the changes. LeO put new quality assurance arrangements in place to ensure the new rules are applied fairly and consistently.</p> <p>LeO will also be looking at the scope for further changes to the rules in 2024/25. Although work is ongoing to assess alternatives to the current case fee regime, any proposed changes would need to be fully costed, subject to consultation with the sector and approval by LSB and Lord Chancellor.</p> <p>See 'performance analysis' for more information.</p>

Priority 2	
Key areas of focus	What we achieved
Developing our technology to improve customer service	
<p>Development and launch of new and improved technology solutions to streamline complaint handling and improve customer service.</p>	<p>Since May 2022 all complaint forms submitted via LeO’s website have been processed by robotic process automation (RPA). A project to automate all aspects of LeO’s case triage process in its case management system was delivered in July 2023. This further improves efficiency at the enquiries stage of LeO’s process, and results in additional and more granular reportable data that can help inform future changes.</p> <p>LeO made a number of changes to its website to help consumers and service providers get the right information at the right time, with potential benefits including reducing the number of premature complaints reaching LeO (those referred before a consumer has given their legal provider a chance to respond to their complaint). Further updates to the website have been scoped and will be delivered in 2024/25.</p> <p>To support the efficient delivery of customer service, LeO has also upgraded its SharePoint technology. With the current arrangement due to be ‘out of life’ in July 2024, it has moved to online provision for its Case Management System (CMS) and website online provision. Following detailed scoping and preparation, migrations and customisation took place in Q4 2023/24 and Q1 2024/25.</p>

Priority 2	
Key areas of focus	What we achieved
Developing and implementing a new and enhanced Quality Framework, aligned to best practice and tailored to LeO's current and future needs	
Completion of a comprehensive review and update of LeO's Quality Framework, in view of changes to ways of working.	<p>In 2022/23 LeO commissioned independent research around quality assurance frameworks in the redress sector, to ensure its own framework was both comprehensive and proportionate. In 2023/24 this research was used as basis for reviewing LeO's existing approach, with the aim of developing a consistent framework of standards that guides operational staff as they develop into their roles and then on an ongoing basis. The new framework has been effective from Q1 2024/25 onwards and will provide greater insight into LeO's people's performance and quality of outcomes and service going forwards.</p> <p>See 'quality and customer satisfaction' for more information about the framework and the standard of service LeO has provided.</p>

Priority 2	
Key areas of focus	What we achieved
Identifying and assessing opportunities to further improve, streamline and simplify LeO's operating model and end-to-end processes	
Analysing and reviewing end-to-end operational processes to identify opportunities for increased efficiencies and simplification of our processes and continuous improvements in our handling and investigation of complaints.	<p>In Q4 2023/24 LeO began a 'lean' review, which has involved mapping its end-to-end process, drawing on the experience of LeO's people. The goal is an improved customer journey, with inefficiencies and blockers removed, to help improve LeO's standard and speed of service – further reducing customer journey times and improving investigator productivity.</p> <p>A report delivered in March 2024 highlighted key findings and recommendations for ongoing process development and improvement. These will be categorised into rapid improvements and longer-term projects. New processes will be engineered and tested in 2024/25, with a view to implementation in 2025/26.</p>

<b>Priority 3</b>	
<b>Develop our understanding of the insights stakeholders value, and how we can increase our impact in providing insight and improving the legal sector</b>	
<b>Key areas of focus</b>	<b>What we achieved</b>
Developing an enhanced engagement strategy for LeO	
<p>Generating an evidence base for, and then developing, a strategy for the types of data, learning, insights, and engagement LeO should deliver. This will support the OLC's wider future strategy.</p>	<p>During the year a significant amount of LeO's external engagement was focused on understanding stakeholders' needs and appetite for the type of information they want to receive from LeO, and the type of relationship they want to have going forward.</p> <p>Taken together with feedback gathered from LeO's existing programme of outreach and events, this feedback has been used to underpin the development of the OLC's 2024-27 strategy for LeO, together with its plans for 2024/25. This includes LeO's intention to grow its impact on standards and frameworks in the legal sector through enhanced engagement with a range of stakeholders, such as approved legal regulators who have a key role in setting expectations of their regulated communities.</p> <p>More detail is available in the published strategy and plans and in 'stakeholder relationships'.</p>

Priority 3	
Key areas of focus	What we achieved
Supporting improvements in service standards and complaint handling in the legal sector	
<p>LeO's work to promote awareness of LeO's role, themes and trends in legal complaints, and the principles of good complaint handling. This work generates valuable insights for the legal sector, consumers and consumer bodies and other dispute resolution schemes, helping improve legal services.</p>	<p>In 2023/24, while a substantial amount of LeO's external engagement was focused on developing its future strategy and plans, it continued to deliver a stable programme of learning to the legal sector. This included:</p> <ul style="list-style-type: none"> <li>• Running webinars, including new area-of-law-specific sessions.</li> <li>• Contributing to addressing sector-wide challenges through involvement with the LSB's programme of work under its own Reshaping Legal Services strategy.</li> <li>• Reviewing the impact of the introduction of early resolution, including how legal providers can help ensure complaints are resolved at an early stage.</li> <li>• Reviewing how vulnerability and the need for consumer support manifests in the complaints LeO sees, with practical guidance for legal providers.</li> <li>• Using 2022/23 complaints data to support engagement with the sector.</li> </ul> <p>Having engaged with the Legal Services Consumer Panel about the opportunities and challenges around publishing its ombudsman decisions in full, LeO has committed to developing a pathway to this over the course of the 2024-27 strategy. While LeO didn't exercise its power to publish a full decision in the public interest, it has reviewed both its criteria and process for doing so, to ensure they remain robust and appropriate going forward.</p>

Priority 3	
Key areas of focus	What we achieved
Improving LeO's internal mechanisms for identifying and sharing insights into legal complaints and consumers' experience of the legal sector	
<p>Work to facilitate more effective internal forums and channels for identifying and sharing insight, internally and externally. This includes improving internal awareness of the importance of this area of LeO's work.</p>	<p>To help understand how it can deliver more, and more useful insights into the root causes of complaints, LeO mapped its internal forums, channels and mechanisms for identifying trends in its casework. As part of internal engagement around the OLC's new strategy, LeO raised its people's awareness of the importance of this aspect of an ombudsman scheme's role.</p> <p>Going forward, more effective insight-sharing will be supported by a new impact steering group to coordinate LeO's work in this area, the addition of ombudsman resource to LeO's external engagement, and ongoing internal engagement highlighting how people across LeO can contribute.</p>

Priority 3	
Key areas of focus	What we achieved
Meeting the OLC's accountability requirements, including developing a future strategy	
<p>Work to ensure the OLC meets its accountability and reporting obligations, promoting confidence in LeO as a well-run organisation. This includes the development of the OLC's next corporate strategy.</p>	<p>Having delivered its 2022/23 annual report and accounts in Q1 2023/24, the development of a new three-year strategy for the Legal Ombudsman was the substantive focus of the OLC's stakeholder engagement. From summer 2023 the OLC and LeO consulted informally with LeO's people and stakeholders, followed by a formal consultation in Q3 2023/24. The final strategy, business plan and budget have now been approved and published.</p> <p>See 'stakeholder relationships' and 'people and organisation' for more detail on how the OLC and LeO engaged with their people and stakeholders.</p>

## The impact of LeO's learning and insight



**806** registered attendees



**93%**

of those who gave feedback either strongly agreed or agreed that the course met their expectations.



Keep doing these to get the message across as there is a big gap in knowledge in the profession

– Webinar attendee



**24** conferences and engagement events attended

**12** blogs or articles published, including in Manchester Law Society Magazine, Today's Conveyancer, and on the Law Society's website



**3<sup>rd</sup>** edition of An Ombudsman's View of Good Costs Service published

**123** requests for technical advice

**9** news articles published on LeO's website

**4** hosted visits



Legal Services Consumer Panel, Scottish Legal Complaints Commission, Legal Services Board and Council for Licensed Conveyancers

**3** consultation responses submitted



OA Terms and Rules consultation, LSB first tier complaints consultation and Regulation of Legal Services (Scotland) Bill call for evidence



**2** Challenge and Advisory Group meetings



**1** Service Provider Forum

## Quality and customer satisfaction

The Legal Ombudsman asks for and analyses customer feedback, the results of internal quality reviews, and insight into complaints that customers make about its own service. By combining these, it gets a rounded picture of the level of service it provides and how it could improve.

### Customer satisfaction

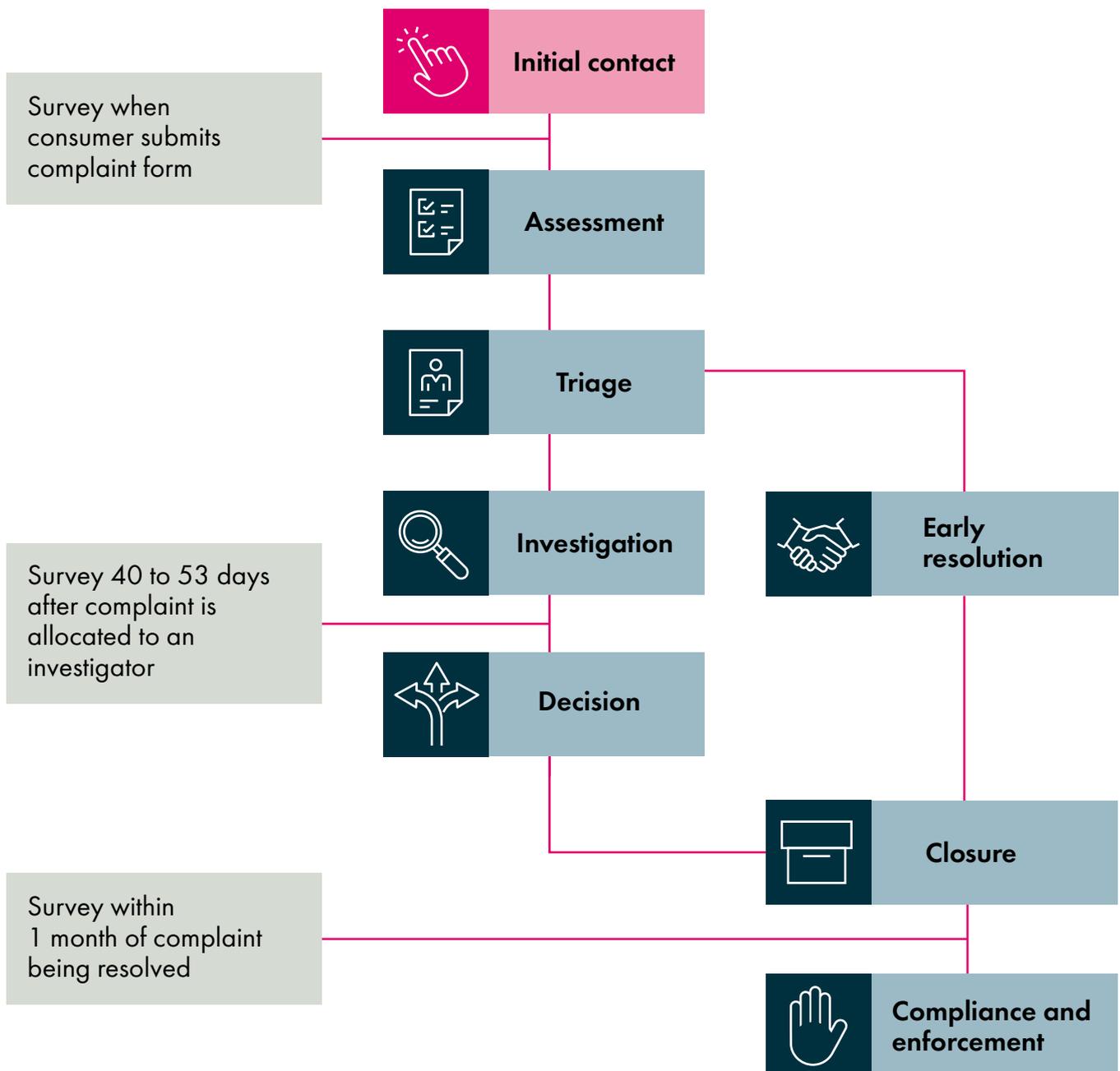
LeO directly asks consumers and legal service providers how satisfied they are with their experience of using its service. It does this at different stages of the customer journey for

all cases, whether they are resolved early or following an investigation – when they first submit a complaint and within a month of its conclusion. For those complaints that need an investigation, customers are also asked about their experience while the investigation is underway.

The feedback LeO receives provides clear first-hand insight into how LeO’s customers perceive the service it delivers. It support the findings of quarterly quality reviews (see the next section) in areas that need improvement and changes in processes.

LeO customer	After using LeO’s complaint checker tool	During the investigation	After receiving the outcome
Consumer	<b>78%</b> (no target; 2022/23: 85%)	<b>49%</b> (target: 65%; 2022/23: 50%)	Those satisfied with the outcome: <b>94%</b> (target: 85%; 2022/23: 94%)  Those not satisfied with the outcome: <b>7%</b> (target: 15%; 2022/23: 11%)
Service provider	n/a (consumer tool)	<b>41%</b> (target: 65%; 2022/23: 43%)	Those satisfied with the outcome: <b>90%</b> (target: 85%; 2022/23: 86%)  Those not satisfied with the outcome: <b>13%</b> (target: 15%; 2022/23: 17%)

## Understanding customer satisfaction at LeO



In common with other dispute-resolution schemes, LeO's surveys highlight that customers' satisfaction with its service is strongly linked to whether the outcome was in their favour. Other common themes of feedback are LeO's communication with them and the delays they've experienced waiting for their complaint to be looked into.

However, feedback also highlights that people value getting an answer from LeO at the earliest possible opportunity. LeO's ongoing emphasis on cutting journey times means that, even where people don't get the outcome they wanted, they will know this much sooner, and be able to move forward, rather than waiting several months for the same answer. Once an investigation starts, customer feedback suggests they are impressed with the service they receive from investigators and ombudsmen.

In line with LeO's response to the findings of quality assurance checks (see below), it uses customer feedback to guide improvements. Feedback from early on in LeO's process has already driven improvements to these earliest phases, and the results of mid-investigation surveys are used to address points of early concern and ensure that investigations move forward smoothly and collaboratively.

As part of the ongoing review of LeO's quality assurance framework, it will be reviewing its customer satisfaction surveys in 2024/25 to ensure the questions remain relevant and generate insights that can be used to drive further improvements.

## Quality

LeO's internal quality review process reflects LeO's own assessment of whether the outcome of a complaint and the level of service were reasonable.

Overall, LeO is providing high-quality outcomes and levels of service. However, its 2023/24 results show that a continued focus is required on the service provided to customers who have had to wait in a queue for an investigation to be started. A delayed investigation means that the parties can be more entrenched in their respective positions, emotional investment and impact can be higher and information or evidence can be harder to retrieve. The quality of LeO's casework, as well as the levels of customer satisfaction, all improve where complaints are accessed and investigated more quickly.

Quality review	Target	General Enquiries Team	Front-end Team (early resolution) investigation/on general enquiries	Front-end Team (early resolution) ombudsman	Investigation	Ombudsman
Did we provide a reasonable outcome? (KPI)	<b>95%</b>	<b>85%</b> (2022/23: 86.8%)	<b>98%</b> (2022/23: 80.1%)	<b>93%</b> (2022/23: 96.9%)	<b>75%</b> (2022/23: 80.7%)	<b>92%</b> (2022/23: 93.6%)
Did we provide a reasonable service?	<b>90%</b>	<b>80%</b> (2022/23: 82.2%)	<b>94%</b> (2022/23: 83.1%)	<b>88%</b> (2022/23: 93.8%)	<b>65%</b> (2022/23: 64.0%)	<b>90%</b> (2022/23: 92.1%)

In 2022/23 LeO commissioned independent research to assess quality assurance provision and best practice within the dispute-resolution sector. For much of 2023/24, LeO has been using this research and wider insight to help inform a review of its quality assurance framework. This review has been focused on developing an agile, flexible and proportionate framework which delivers assurance that all LeO's operational staff – irrespective of their role and whether they are working towards full competence or have already achieved it – are adhering to guidance, process and the Scheme Rules, and are delivering a high standard of service.

Going forward, LeO is committed to ensuring quality is monitored in a way that's both robust and proportionate – so customers receive the level of service they should expect, while LeO's people are able to be fully productive and engaged in their work.

## Quality assurance at LeO



## The Service Complaints Adjudicator

The Service Complaints Adjudicator investigates complaints about the Legal Ombudsman's own standard of service when LeO hasn't been able to resolve them directly with customers. LeO's website gives more information about the complaint process.

The Service Complaints Adjudicator's summary Annual Report is published as Appendix 2 to this Annual Report and Accounts. 17 cases were referred compared to 11 in 2022/23. The Adjudicator upheld 18 of the 71 separate issues of complaint involved, with 8 partially upheld and 45 rejected.

LeO feeds what it has learned from upheld service complaints back to the staff involved and their line managers. To further ensure the same issues don't arise again, each quarter LeO shares the findings, themes and trends it has identified from upheld complaints with its Quality Committee.



**I have been impressed by the open and transparent approach taken by the Service Complaints Team, and the fact that the service complaints process is used as a vehicle to drive service improvement. I have found the standard of investigation, both in identifying and clarifying service complaints, and the depth of the investigations, to be high.**

**Service Complaints Adjudicator**

## Delivery against the 2023/24 budget

Business Plan priorities	Business area	2023/24 budget	2023/24 actual expenditure
1 and 2	Operational delivery	£10,683,235	£10,549,413
3	Policy and impact work	£364,620	£277,633
1, 2 and 3 – critical enablers	Corporate functions and business support	£2,470,759	£2,446,117
	<b>Total staff salary expenditure</b>	<b>£13,518,614</b>	<b>£13,273,163</b>
1, 2 and 3 – critical enablers	IT and telecoms	£1,617,634	£1,502,862
	Premises and facilities	£679,205	£715,204
	Other staff expenditure	£238,073	£216,047
	Depreciation	£555,353	£661,990
	Travel	£27,940	£13,757
	Interest receivable	-£187,973	-£439,396
	Other costs	£334,207	£806,199
	<b>Total non-salary expenditure</b>	<b>£3,264,439</b>	<b>£3,476,663</b>
	<b>Total revenue expenditure</b>	<b>£16,783,052</b>	<b>£16,749,826</b>

Developing its 2023/24 budget at a time of significant uncertainty, LeO has tried to minimise any increases and fit them within its existing budget where possible. Taking into account 10% inflation, it was 9.6% higher – which amounted to a decrease in real terms.

This budget has enabled LeO to build on the performance gains and stability embedded in 2022/23, while managing pressures relating to higher numbers of both new and resolved complaints, a strengthened focus on quality, and the need to implement and monitor the impact of changes to the Scheme Rules.

### Ensuring value for money

The OLC and LeO remain committed to working efficiently and providing value for money – recognising both the public sector context and the impact of LeO's funding on the legal services sector. Reflecting this, LeO has maintained a range of processes and assurance to ensure efficiency and value for money are actively measured and delivered. These are:

- Investing time and resource at the earliest stages of LeO's process has driven higher organisational performance, improving customer journey time and customer experience for a significant proportion of LeO's customers. This has helped support a significantly reduced cost per case and unit cost compared with historic ways of working.
- Continuing to assess spending against the principles outlined in the NAO's 4 Es model.
- Assessing all performance improvement initiatives, innovations and changes to process or policy at departmental and, where appropriate, at executive level to ensure they are proportionate and their outputs are measurable and can be tracked against assumed improvements in performance and or efficiency. As outlined above, LeO's 2024/25 plans involve the delivery of a lean review of operational processes.
- Using the OLC Board Performance Sub-Group to ensure that performance assumptions underpinning the budget and Business Plan are robustly challenged and tested.
- Maintaining a robust quality framework and a clear focus on high quality, balanced alongside our drive for operational efficiency and output, to ensure reductions in inefficiency, rework and 'failure demand'.
- Managing staffing levels in all teams and departments in line with budgetary forecasts and performance assumptions to ensure that resource levels are kept within agreed parameters.
- Ensuring all recruitment (including direct replacements) is reviewed by the Chief Ombudsman, to ensure that it represents the best use of resources. We keep close oversight of all recruitment to ensure processes are efficient and effective, and that time and resource spent on recruitment campaigns are proportionate and provide value for money.

- Holding monthly Executive Team finance meetings to provide assurance that organisational spend for the month, the year to date and the likely end of year position are all kept within acceptable parameters and that all additional or unbudgeted expenditure is rigorously tested and assessed before being approved.
- Holding monthly departmental finance meetings to track spending against budget and forecast future spending.
- Holding monthly business performance meetings across all teams to enable greater oversight of the work and risks being managed across LeO.
- Where appropriate, managing business plan activities by project methodology to ensure that progress is maintained, resource is effectively deployed and costs are tightly controlled.

The table in this section shows LeO's expected expenditure, output and cost per case resolved (unit cost) for the last three financial years, together with a projection for 2024/25.

However, unit cost has limitations as a measure. For example, it doesn't capture LeO's frontline advice, information and signposting for consumers, which are reflected in the approximately 125,000 contacts it dealt with in 2023/24 (12% more than in 2022/23). Only a small proportion of early contacts handled by LeO go on to be complaints that are formally referred for resolution, but all require LeO's input and support. The 'cost per contact' measure in the table divides the cost of LeO's general enquiries team by the number of inbound contacts it dealt with.

The unit cost also fails to capture the value of LeO's engagement and outreach work aimed at raising standards in the legal services sector. Reflecting strong stakeholder appetite for this work, it is a core objective of the OLC's 2024-27 strategy for LeO. LeO will be exploring with stakeholders how success and value can be evaluated, recognising the challenges inherent in measuring the impact of preventative interventions.

	<b>2021/22 actual</b>	<b>2022/23 actual</b>	<b>2023/24 actual</b>	<b>2024/25 budget</b>
Expenditure	£13.8 million	£15.3 million	£16.8 million	£17.95 million
Cases resolved	6,516	9,467	7,918	8,404 (likely case)
Cost per case resolved	£2,092	£1,618	£2,115	£2,136
Cost per contact (based on total new contacts)	£128	£137	£134	£127

## Strategic risks and issues

As part of the risk management framework, the OLC's management proactively discusses project, strategic and business-unit risks. New risks are identified and mitigations and controls captured. Across the year, LeO identified,

managed and addressed risks and issues as outlined below. Page 94 explains further improvements made to the OLC's wider risk management and governance.

Strategic risk (SR) or issue (SI)	How it was managed			
<p>SI.01: Backlog of investigation cases.</p> <p>After cases dealt with by early resolution, a backlog still await full investigation in the pre-assessment pool.</p> <p>Strategic objective: 1, 2, 3            Risk theme: operations            Risk appetite: open            Residual score: 16            Target score: 9</p>	<ul style="list-style-type: none"> <li>This issue remains a central focus of LeO's risk management, which was reflected in the substance of the 2023/24 strategy and business plan.</li> <li>While the backlog remains above LeO's original projections for 2023/24 (see 'performance analysis'), LeO has made further improvements to customers' experience and wider business plan commitments (see SR.01 below).</li> <li>Building on the knowledge gained during LeO's improvement journey about the key drivers of performance, mitigations have focused on these factors – with the primary strategic focus on monitoring and mitigating investigator attrition and incoming demand for LeO's service.</li> <li>Delivering further efficiencies and reducing duplication have been a focus of LeO's ongoing lean review.</li> </ul>			
<b>Residual risk rating movement over 2023/24</b>				
<b>Q1</b>	<b>Q2</b>	<b>Q3</b>	<b>Q4</b>	
20	16	16	16	

Strategic risk or issue	How it was managed			
<p>SI.02: Staff attrition in corporate and operations roles (not including business-as-usual investigators)</p> <p>Strategic objective: 1  Risk theme: people  Risk appetite: open  Residual score: 12  Target score: 12</p>	<ul style="list-style-type: none"> <li>As outlined elsewhere in this report, attrition continues to be LeO’s most significant people and performance issue, which is affected by a number of factors within and outside LeO’s control.</li> <li>Key interventions by LeO include enhancing its employee offer wherever possible, improving onboarding, and other People Strategy deliverables aimed at making LeO a great place to work. There is more information about these in ‘people and organisation’.</li> <li>LeO’s Executive Team held a strategic attrition workshop and presented key outputs and findings to the OLC Board in Q1 2024/25.</li> <li>With the root causes not entirely within LeO’s control, the issue’s residual score remains static, with limited scope for movement in the medium term, and LeO is cautious on the outlook for 2024/25.</li> </ul>			
Residual risk rating movement over 2023/24				
Q1	Q2	Q3	Q4	
20	20	20	12	

Strategic risk or issue	How it was managed			
<p>SI.03: Staff attrition in business-as-usual investigators</p> <p>Strategic objective: 1, 2  Risk theme: people  Risk appetite: open  Residual score: 20  Target score: 12</p>	<ul style="list-style-type: none"> <li>• This continues to be LeO’s most significant issue affecting its ability to improve customers’ experience, which is affected by a number of factors within and outside LeO’s control.</li> <li>• Key interventions by LeO include enhancing its employee offer wherever possible and other People Strategy deliverables aimed at making LeO a great place to work. There is more information about these in ‘people and organisation’.</li> <li>• Initiatives to improve the onboarding and induction journey to deliver a more nurtured approach. Offering support and development to all new investigators through its Graduate Bay induction scheme.</li> <li>• LeO’s Executive Team held a strategic attrition workshop and presented key outputs and findings to the OLC Board in Q1 2024/25.</li> <li>• With the root causes not entirely within LeO’s control, the issue’s residual score remains static, with limited scope for movement in the medium term, and LeO is cautious on the outlook for 2024/25.</li> </ul>			
<b>Residual risk rating movement over 2023/24</b>				
<b>Q1</b>	<b>Q2</b>	<b>Q3</b>	<b>Q4</b>	
25	25	25	20	

Strategic risk or issue	How it was managed		
<p>SR.01: Failure to achieve the performance trajectory outlined in the Business Plan, leading to unacceptable waiting times for customers to see their cases resolved</p> <p>Strategic objective: 1 Risk theme: operations Risk appetite: open Residual score: 16 Target score: 9</p>	<ul style="list-style-type: none"> <li>• This strategic risk aligns with SI.01. While the backlog remains an issue, LeO has achieved the number of complaint resolutions within the range set out in its 2023/24 business plan. However, it remains a central focus of LeO’s risk management, as reflected in the substance of the 2023/24 strategy and business plan.</li> <li>• Building on the knowledge gained during LeO’s improvement journey about the key drivers of performance, mitigations have focused on these factors – with the primary strategic focus on monitoring and mitigating investigator attrition and incoming demand for LeO’s service.</li> <li>• Delivering further efficiencies and reducing duplication have been a focus of LeO’s ongoing lean review.</li> </ul>		
Residual risk rating movement over 2023/24			
Q1	Q2	Q3	Q4
16	16	16	16

Strategic risk or issue		How it was managed	
<p>SR.02: Leadership resilience</p> <p>Strategic objective: 1  Risk theme: people  Risk appetite: cautious  Residual score: 8  Target score: 9</p>		<ul style="list-style-type: none"> <li>In Q2 this risk fell below the residual target score due to the significant resilience brought through Executive Team and Management Team appointments. It has remained stable since then, thanks to low attrition within leadership and management teams.</li> <li>Recent permanent and fixed-term appointments have enhanced Executive Team resilience. Levels of attrition also remain stable in wider management, contributing to overall resilience, as recruitment for a small number of roles was completed.</li> </ul>	
Residual risk rating movement over 2023/24			
Q1	Q2	Q3	Q4
12	8	8	8

Strategic risk or issue		How it was managed	
SR.03: Risk of OLC budget falling outside range of risk tolerance (underspend/overspend)  Strategic objective: 1, 2, 3 Risk theme: financial Risk appetite: minimal Residual score: 8 Target score: 8		<ul style="list-style-type: none"> <li>The Executive Team actively monitored the budget variance and put mitigations in place to ensure minimal underspend.</li> <li>Because of this, the risk fell as the underspend was brought within MoJ tolerance.</li> </ul>	
Residual risk rating movement over 2023/24			
Q1	Q2	Q3	Q4
12	12	8	8

Strategic risk or issue	How it was managed			
<p>SR.04: Risks associated with Scheme Rules changes</p> <p>Strategic objective: 2  Risk theme: reputational  Risk appetite: cautious  Residual score: 9  Target score: 4</p>	<ul style="list-style-type: none"> <li>In Q2 this risk fell below the residual target score as LeO managed the operational impacts of implementing changes to its time limits (see 'performance analysis'). It has remained stable since then and decreases further with LeO clearing the volume of discretion checks created in Q1 and Q2.</li> <li>Work to further enhance collection and analysis of Equality, Diversity and Inclusion (EDI) data about people accessing LeO's service will provide even greater assurance that LeO is applying the Scheme Rules fairly to all its customers. The application of SR 5.19/20 will bring further Scheme efficiencies and improvements in the customer journey into 2024/25.</li> </ul>			
Residual risk rating movement over 2023/24				
Q1	Q2	Q3	Q4	
12	9	9	9	

Strategic risk or issue		How it was managed	
<p>SR.05: Edward House lease renewal</p> <p>Strategic objective: 1, 2, 3</p> <p>Risk theme: strategy</p> <p>Risk appetite: cautious</p> <p>Residual score: 12</p> <p>Target score: 4</p>		<ul style="list-style-type: none"> <li>• During the year LeO assessed a range of future accommodation options in line with potential outcomes of discussions. While this process continues, negotiations on the lease renewal for Edward House look favourable.</li> <li>• LeO is cautiously confident about the prospects of participating in an MoJ hub from 2027. It is engaging with MoJ about LeO's needs from such a hub, and continues to assess the viability of a proposed Birmingham hub as more information becomes available.</li> </ul>	
Residual risk rating movement over 2023/24			
Q1	Q2	Q3	Q4
n/a	n/a	16	12

## People and organisation

### People Strategy

In 2023/24 LeO developed a new three-year People Strategy, to bring clear focus to its key people-related challenges – including reducing attrition and ensuring leadership resilience, which have been managed as strategic risks in 2023/24. It builds on foundations put in place in 2021/22 and 2022/23, aligns with the new OLC Strategy for 2024-27 and EDI strategy, and is underpinned by a set of annual deliverables.

The People Strategy will enable LeO to achieve its commitment to improving customers' experience. Central to this will be delivering on LeO's ambitions to become an employer of choice, where people are motivated not only by public service but also by opportunities to develop their careers. This will mean creating a culture and framework that supports high performance, retention and engagement, as well as successful recruitment where necessary.

LeO recognises that several aspects of its employer offer fall short – driven to a large extent by external constraints outside its control. As discussed earlier in this report, these factors include limitations on its ability to compete on pay and benefits. Such factors have put significant challenges in LeO's path to improved performance. In particular, as explained earlier in this report, investigator attrition remains a particular problem, with LeO simply not able to compete with substantially higher salaries offered by other schemes not subject to the same constraints.

However, due to the strategic focus on this issue, LeO saw substantial improvement in the second half of the year. LeO has improved elements of the current benefits package wherever possible, and made progress on other aspects of a positive employee experience such as effective staff engagement, development and progression opportunities, and an inclusive environment. Results of the latest People Survey (see below) highlight confidence in LeO's leadership and connection with its purpose, as it looks ahead to its new strategy period.

The table below summarises progress made under the People Strategy in 2023/24.

Activity	Progress in 2023/24
<b>Pay and benefits benchmarking</b>	LeO completed a comprehensive benchmarking exercise of employee pay and benefits. This has given LeO the evidence it needs to assess its ability to attract, recruit and retain staff in a competitive jobs market. LeO's employee value proposition (EVP) is subject to constraints in key areas such as pay and employee terms and conditions. But evidence from the benchmarking exercise is helping us to identify areas of potential development for a new EVP.
<b>Improved benefits package</b>	As a vital strand of an improved EVP, and in response to feedback from the 2022 People Survey, LeO has developed an improved benefits package, which has received positive feedback from LeO's people.
<b>New recruitment, selection and promotion policy</b>	Developed as part of the ongoing improvement to HR policies and processes, this policy is underpinned by a comprehensive, end-to-end review of recruitment and selection processes. Both the policy and the processes have changed significantly to provide greater structure and rigour and to comply with current employment legislation as well as good practice in HR and equality. The new arrangement, supported by training for line managers, is being rolled out in 2024/25.
<b>Review of onboarding and induction processes</b>	A review of these processes in all roles and areas in the business is under way and will be completed early in 2024/25. It will complement the recruitment review.

Activity	Progress in 2023/24
<p><b>New HR secondment opportunity</b></p>	<p>This secondment role will focus on HR systems, contracts and associated processes, identifying and addressing gaps in system functionality and HR management reporting. LeO is also reviewing specific HR processes to develop streamlined, automated improvements where possible.</p>
<p><b>Review of HR policies</b></p>	<p>This annual review was completed in July 2023. As a result, LeO strengthened the EDI provisions in its Disciplinary and Performance Improvement and Support policies. LeO also improved its Flexible Working Policy ahead of legislative change, giving people the right to make a formal flexible working request from day one (previously after 26 weeks' service) and allowing two requests in a 12-month period (previously one).</p>
<p><b>Review of the Staff Council and EDI networks</b></p>	<p>LeO undertook this comprehensive review to maximise employee engagement, communication and feedback mechanisms. After consultation, detailed new terms of reference were developed, along with new roles and responsibilities, to raise these bodies' profile and ensure a higher level of visible engagement with staff. The aim is to ensure the Staff Council and EDI networks work together, maximising engagement and making sure that the whole workforce has a voice.</p>

Activity	Progress in 2023/24
<p><b>New leadership development programme</b></p>	<p>A new programme for LeO’s leaders and managers was rolled out, concluding in June 2023. Closely aligned to the developmental performance management framework and HR performance-related policies, it focuses on the development of people management skills for leaders and managers.</p>
<p><b>Strategic attrition workshop</b></p>	<p>This workshop, held by LeO’s Executive Team, took a holistic approach to the possible causes of attrition and ways to mitigate it. A key piece of work, it will help address future attrition challenges in areas within LeO’s control, including by the development of an attraction and retention strategy.</p>

A summary of key People Strategy activities in 2024/25 have been published alongside the 2024/25 Business Plan.

### Civil Service People Survey

LeO’s commitment to being a great place to work is reflected in its focus on learning from its people’s feedback, including the annual Civil Service People Survey. In 2023 57% of LeO’s people took part, against a Civil Service average of 65%.

In a year that included significant internal engagement around the OLC’s future strategy for LeO, the score for organisational objectives and purpose was 89%: 5% higher than the Civil Service average. LeO’s overall engagement score was 56% (Civil Service average: 64%).

This is 3 percentage points lower than 2022, but still 6 points higher than 2021. Reflecting the challenges outlined earlier in this section, pay and benefits is the only core theme to have seen a year-on-year decrease over a 3-year period.

Based on a detailed analysis of responses, ‘safe space’ meetings will be held with the networks to explore further the experiences of staff with protected characteristics and caring responsibilities. Manager-led sessions with individual teams will also be held to obtain further general feedback. A breakdown of headline results is shown below.

Engagement statement	2023 (%)	2022 (%)	2021 (%)	Difference
I am proud when I tell others I am part of my organisation	57	59	48	-2%
I feel a strong personal attachment to my organisation	42	44	36	-2%
My organisation inspires me to do the best in my job	45	47	34	-2%
My organisation motivates me to help it achieve its objectives	47	45	34	+2%
I would recommend my organisation as a great place to work	42	46	30	-4%

Where are we now?	2023 (%)	2022 (%)	2021 (%)	Difference	Civil Service Score 2023 (%)
<b>Engagement Index</b>	<b>56</b>	<b>59</b>	<b>50</b>	<b>-3</b>	<b>64 (-1)</b>
My work	73	75	69	-2	78 (-)
Organisational objectives and purpose	89	88	76	+1	84 (+1)
My manager	75	78	62	-3	78 (-)
My team	74	75	67	-1	83 (-)
Learning and development	51	49	34	+2	56 (+1)
Inclusion and fair treatment	75	78	64	-3	81 (-1)

Where are we now?	2023 (%)	2022 (%)	2021 (%)	Difference	Civil Service Score 2023 (%)
Resources and workload	74	77	63	-3	75 (+1)
Pay and benefits	23	26	39	-3	32 (+5)
Leadership and managing change	55	56	41	-1	52 (-2)

## Equality, diversity and inclusion

### LeO's people

LeO's internal approach to Equality, Diversity and Inclusion (EDI) aims to ensure that LeO's people are represented and engaged in its day-to-day work and future ambitions, by helping to build a culture where everyone feels they can be themselves and contribute at their best.

In 2023/24 LeO began implementing a three-year EDI strategy and an associated action plan. This work aligned directly with LeO's 2023/24 priority of attracting and keeping skilled and motivated people, which is essential for improving customers' experience.

In respect of LeO's people, the focus on representation has taken several forms.

- Analysis of workforce diversity has been carried out and will be published on LeO's website. LeO aims to improve reporting so it can better draw insights from this data.
- LeO piloted two mentoring schemes (traditional mentoring, reverse mentoring), both of which it will expand in 2024/25 following positive feedback from mentees and mentors.
- LeO has expanded its annual social mobility reporting from Board and Executive level to cover its wider management team. Results show that the proportion of these LeO leaders from working/lower-class socio-economic backgrounds is higher than national averages, with no member of the Board or Executive Team attending an independent or fee-paying school.

- Representation is an aspect of the 'people and culture' enabler of the OLC's new 2024-27 strategy for LeO, which is supported by its EDI and People strategies.

The focus on inclusion for LeO's people includes several highlights.

- In June 2023 LeO's EDI and HR teams completed an inclusive language review of LeO policies. In 2024/25 they will review LeO's recruitment processes from a neuro-inclusivity perspective, and continue to collaborate to further develop staff policies.
- As outlined under 'wellbeing', LeO developed a new policy on reasonable adjustments for its people, which was rolled out in Q1 2024/25.
- In Q3 and Q4, LeO gave its remote workers opportunities to visit its Birmingham office and engage with colleagues.
- LeO has achieved the requirements of the Race at Work Charter. Its new recruitment policy and associated processes have strengthened support and inclusivity for disabled staff and candidates. This in turn supported LeO in achieving Disability Confident Level 2 in 2023/24.
- Inclusion is an aspect of the 'people and culture' enabler of the OLC's new 2024-27 strategy for LeO, which is supported by its EDI and People strategies.

## LeO customers

LeO's EDI focus also extends to the service it provides to consumers – supporting the OLC's new strategic objective around LeO's accessibility, under its strategic aim for LeO's service. There were several highlights in 2023/24.

- Analysis of customer diversity, completed in Q2 of 2023/24, will be published on LeO's website. LeO aims to improve reporting going forward so it can better draw insights from this data, and use this to support its engagement with the sector – with a focus on preventing complaints, improving the way they are handled, and ensuring customers with protected characteristics get the same standard of service as everyone else.
- LeO has continued to train and support its Vulnerable Customer Champions – employees with specific expertise in giving the additional support that some customers need because of their circumstances. LeO continued to develop its multidisciplinary team, which provides support to staff dealing with cases where the customers involved require complex reasonable adjustments.
- To ensure it is aware of and working toward best practice, LeO has continued to develop relationships with organisations within and beyond the legal sector that support consumers, including those who may be in vulnerable circumstances – including other ombudsmen schemes, regulators, industry bodies and cross-sector networks.

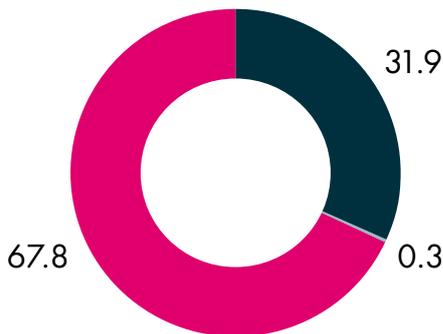
- Data collected after the launch of the Scheme Rule changes in Q1 2023/24 hasn't shown any disproportionate adverse impact. LeO keep this under review, with a view to developing enhanced reporting to cover the range of existing and new complaint resolution types, and to cross-reference this with EDI data.

- LeO will continue to record EDI data at a much earlier stage in the process, meaning demand for its service and consumers' access to justice can be analysed in much more detail.

## The diversity of LeO's people

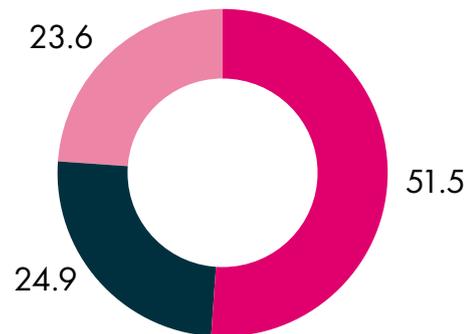
Data correct at 01/04/24

Gender (%)



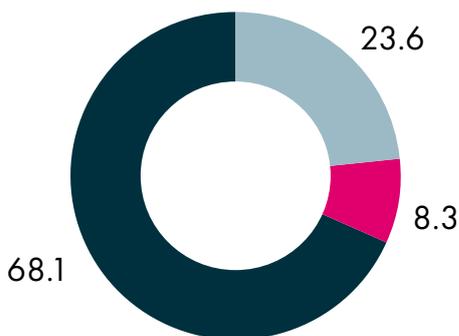
■ Female ■ Male ■ Prefer not to say

Ethnicity (%)



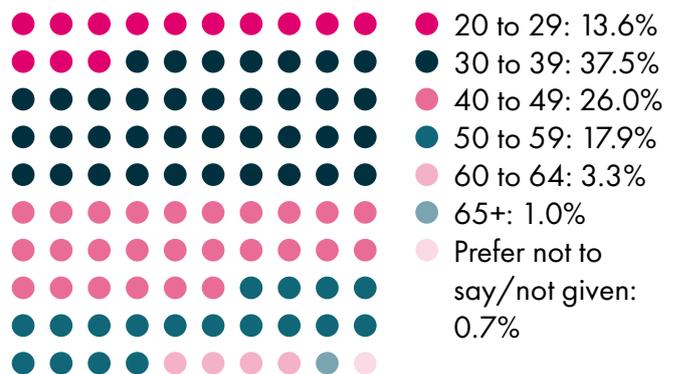
■ White ■ Ethnic minority ■ Prefer not to say/not given

Disability (%)



■ Yes ■ No ■ Prefer not to say/not given

Age range (%)



## Wellbeing

During 2023/24, LeO maintained its commitment to supporting employees' wellbeing whether they are working in the office or remotely. LeO took action in the following ways:

- The EDI and HR teams completed an inclusive language review of policies in June 2023. They will build on this in 2024/25 by developing guidance around menopause in the workplace.
- LeO developed a new policy on reasonable adjustments which was rolled out in Q1 of 2024/25 to promote wellbeing as well as engagement, equality and inclusion.
- A new Carer's Passport was developed. Together with the new policy on reasonable adjustments, this will help LeO's people manage their health issues and caring responsibilities alongside their working lives.
- LeO continued to promote the support offered by its wellbeing champions, employee assistance programme and 'buddy circles'.
- EDI and wellbeing were embedded in the new personal development review process, now in its second year of use – managers are discussing and formally noting any support and adjustments their people need.
- Work under the People Strategy has included establishing robust policies and processes to let managers effectively address absence and support their people, including those on long-term sickness leave.

- Wellbeing and EDI are at the heart of LeO's leadership development programme, including specific modules on managing attendance and wellbeing.
- Evaluation of recruitment activity has continued, ensuring that any lessons about support and wellbeing are fed into future rounds of recruitment and induction.

Sickness absence increased during Q2 and Q3, but began to fall again during in Q4, reflecting LeO's investment in this area. There is more information about sickness absence on page 106.

## Training and development

LeO has continued to support its staff to develop their expertise in areas of complaint and effective complaint handling, as well as their personal development. While there remains considerable scope for improvement, the 2023 People Survey saw positive ratings of learning and development rise to 51% – up from 49% in 2022 and 34% in 2021.

In 2023/24, learning and development activity included:

- Designing and delivering a bespoke Leadership Development Programme for all our people managers.
- Training for all investigators in core communication skills such as conflict resolution and negotiating and influencing through dialogue.
- Training for all operational staff to support the changes to our Scheme Rules.

- Launching successful mentoring and reverse mentoring pilots to inform the roll-out of a wider programme that will be available to all staff in 2024/25.
- Training in Lean Six Sigma (aimed at improving performance and efficiency) for people managers, to support a review of LeO's business process.
- Ongoing review and updates of LeO's knowledge guidance notes, helping ensure consistency in resolving complaints.
- A wide range of other training and development for LeO's people, from 'train the trainer' courses to support our staff delivering new starter induction training, to Mental Health First Aid training to support our Wellbeing Champions.
- Completion of compulsory Civil Service training to raise awareness of core areas such as diversity and inclusion, data security, and fraud, corruption and bribery.

LeO's personal development review process, launched in 2022/23, continues to play a key role in identifying training needs and career aspirations.

## Accommodation strategy and future ways of working

In 2022/23 LeO opened hubs in Cardiff and then Leeds, where it shares office space with the MoJ and other arm's-length bodies. The move, at a time of significant recruitment challenges, has expanded LeO's access to the talented people it needs. By making efficient use of existing office space, it also supports LeO's commitment to being financially and environmentally sustainable. The Leeds hub uses existing MoJ hub space, making it a low-risk option with no additional costs to LeO. It will continue to monitor the success of the hubs.

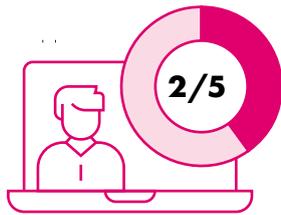
During the year LeO progressed negotiations on a new shorter-term lease at its Birmingham office (Edward House). This is the preferred and likely option which will provide best value for money, meet LeO requirements and comply with Government Property Agency restrictions. It will provide an interim solution for LeO until a move to a GPA MoJ Birmingham hub has been confirmed (expected from 2027).

As outlined in 'performance analysis', LeO has continued to engage with its people around its wider proposals for future ways of working. In summer 2023 LeO ran a staff survey to capture views on how it could further improve hybrid and office working, which was followed by continued engagement with people managers. While the latest staff survey suggests trust in LeO's leadership is robust, the OLC recognise the need to maintain this through ongoing internal engagement, so LeO's people feel informed and supported through any transition.

# Sustainability report

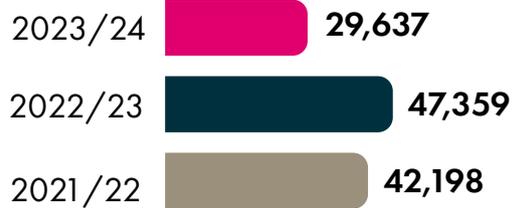
## Sustainability at LeO in 2023/24

### Office footprint

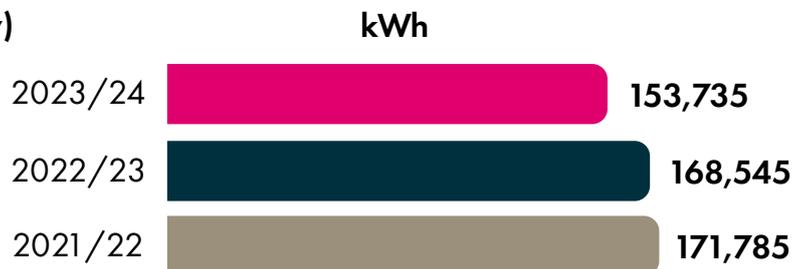


Employees who live within an hour's commute spend two days a week in the office

### Paper use (pages printed)



### Energy use (electricity)



### Travel for LeO staff

#### Total expenses claimed



#### Total miles travelled



#### Train



As highlighted in the governance statement on page 80, the OLC is committed to following best practice in the governance and management of the Legal Ombudsman. This extends to ensuring LeO is a sustainable and socially responsible organisation, both in its capacity as a public service and as an employer. LeO's updated mandatory e-learning for employees now includes a discrete environmental awareness module.

LeO's shared office arrangements (see below) mean it can't access a full range of sustainability data, or gauge with any accuracy its individual impact on climate change. This section brings together the information that is available, and highlights any action LeO has taken or plans to take to minimise its climate impact. It also signposts other areas of this report that together provide a more complete picture of the impact of LeO's operations.

### Office footprint

LeO has a hybrid working arrangement: employees who live within an hour's commute spend two days a week in its Birmingham office (Edward House) or Cardiff or Leeds hubs. While setting a general minimum expectation for office working, LeO looks to afford a high degree of flexibility in recognition of the positive impact this has on employee wellbeing, engagement and retention – against the backdrop of LeO's growing output and culture of innovation and improvement.

Energy consumption data isn't available for LeO's hub offices, so the data below relates to Birmingham only. However, in sharing with the MoJ and its other arm's-length bodies, LeO's hubs and any additional space it takes will be subject to initiatives to reduce the environmental impact of government. The sustainability of LeO's working arrangements is a central feature of its strategy on future ways of working, which has been developed during 2023/24.

### Reducing the impact of IT

LeO has continued to reduce environmental impact using smart technologies. Staff have access to workstation equipment and sound-cancelling headsets that enables effective home working where required. The IT team has also powered down banks of desks that are no longer in frequent use on the first floor of Edward House to further reduce energy consumption there.

## Energy use

Data for energy use comes directly from energy suppliers. However, building efficiency, which is the landlord's responsibility, has a major impact on energy loss.

## Travel for LeO staff

LeO's city-centre locations, including its original Birmingham office and newer hubs, allow many employees to get to work on public transport. LeO pays expenses for people based outside Birmingham to travel to Edward House for engagement days several times a year. These are important opportunities for hearing employee feedback and strengthening engagement within and across LeO's teams and with its strategy and purpose, and have received very positive feedback from LeO's people.

## Paper use

Paper use has decreased, indicating a reduction in unnecessary printing.

## Waste, waste minimisation and water consumption

LeO's landlord does not hold data relating to individual organisations that share the building.

LeO's kitchen spaces use Ziptap's energy-efficient 'sustainability' taps, which undergo regular service to ensure they work efficiently.

## Sustainable procurement

The OLC doesn't come within the scope of carbon reduction plans for procurement due to the size of its overall expenditure. It uses the Crown Commercial Service (CCS) for relevant procurement, and the CCS works with its framework suppliers on carbon reduction plans.

## Other reporting

### Capital expenditure

In 2023/24 the OLC had a capital expenditure budget of £250,000 allocated by MoJ (2022/23: £250,000). Total expenditure for 2023/24 was approximately £248,000 (2022/23: £250,000). The capital investment included £230,000 on IT software, £4,000 on IT hardware and £14,000 on furniture and fittings.

### Payment of creditors

The OLC is committed to paying supplier invoices by the due date (or within 30 days of receipt if no due date has been agreed) and to dealing with payment queries promptly or notifying the supplier promptly of any delay. It paid 87% of invoices within agreed terms in 2023/24 (2022/23: 80%) – a 7% year-on-year improvement on 2022/23. It paid creditors in 27 days on average (2022/23: 28 days).

The finance team continued doing weekly payment runs to ensure suppliers were paid within the extended terms. It continued its work to effectively manage and thoroughly check the payment run, working with relevant budget holders.

### Counter fraud, corruption and bribery

Fraud is a significant risk to the UK public sector with far-reaching financial and reputational consequences. The National Audit Office (NAO) has challenged the government to do more about this hidden crime.

The purpose of the relevant government functional standard is to set the expectations for the management of fraud, bribery and corruption risk in government organisations. The standard was developed by a senior group of fraud experts in government, approved by the Finance Leaders Group and launched by the Minister for the Constitution in 2017. It applies to all government departments and their arm's-length bodies.

The OLC works with the MoJ Counter Fraud Centre of Expertise to ensure that exposure to the risk of fraud is minimised, and to ensure that the Anti-Fraud Policy and Fraud Risk Assessment remain fit for purpose. As part of the measures to prevent fraud, we reviewed our policies and procedures after completing the Counter Fraud Continuous Improvement Assessment Framework. This will be analysed by the MoJ's Counter Fraud Centre of Excellence and support will be provided when required.

### Cyber security

With a hybrid working model combining home working with multiple offices, LeO has a layered approach to cyber security that incorporates a 'zero-trust' approach with multi factor authentication and access at the lowest possible authorisation level.

In 2023/24 LeO has continued to use and strengthen security measures spanning 'business as usual' processes for its employees and IT infrastructure – including implementing complex passwords and multi-factor authentication, simulated phishing attacks, and mandatory cyber-awareness training for all LeO's people in their induction and then annually.

LeO's primary security risks continue to be data loss through carelessness and external attacks (particularly phishing attempts). These risks are mitigated through a combination of technical security mechanisms, an automated cloud protection tool (SAAS) which monitors the Office 365 environment for suspicious behaviours, and an advanced email spam filter. This year, additional enhancements were implemented, including requiring staff to register their personal devices with the Company Portal, to ensure a consistently high level of protection consistently.

In the context of ongoing geopolitical conflicts, LeO has seen a marked increase in 'brute force' login attempts. LeO has also now implemented a policy to restrict access to work accounts to UK-based users, as determined by their source IP address – which has substantially reduced attacks from malicious parties

In addition, LeO has improved the security standards of its website. Following recommendations from the National Cyber Security Centre (NCSC), it has joined the Vulnerability Disclosure Program so it can benefit from regular external testing of website vulnerabilities and promptly address and mitigate any issues.

During Q2, LeO's Government Internal Audit Agency's (GIAA) cyber security audit received a substantial audit opinion, with no recommendations. This provides a high level of assurance that LeO is doing everything within its control to minimise IT risks. LeO's future focus will continue to be raising employees' awareness of cyber security risks, improving vulnerability awareness through proactive testing, and ensuring alignment with NCSC best-practice guidance.

## Looking ahead

### 2024/25 Business Plan and Budget

2024/25 is the first year of the OLC's 2024-27 strategy for LeO. As outlined elsewhere in this report, while LeO remains focused on improving customers' experience, building on the progress it has made to date, the strategy's second core objective is to ensure LeO's independent voice and experience help drive better legal services.

The Business Plan, based on forecasts in early 2024, set out LeO's expectations:

- LeO will resolve 8,400 complaints – an increase on 2023/24 without additional operational resource, absorbing additional demand.
- The queue will reduce by 40%, with between 1,650 and 2,769 cases remaining at the end of March 2025. The trajectory for reaching a working level queue will extend over a longer period, into 2025/26, reflecting the balance LeO is aiming to strike between continuing to improve customers' experience and absorbing demand to minimise costs. There is more detail about this later in this document, in the context of LeO's proposed budget.
- By the end of March 2025, half of complaints will still be suitable for early resolution, with no waiting time. Including all cases, the overall proportion resolved within 90 days will continue to increase over this time.

- By the end of March 2025, for all cases (combining those resolved through early resolution an investigation), LeO expects the average customer journey time to be approximately 145 days. The forecast average wait time for most customers will be 60 days, followed by 85 days' resolution time for all cases.
- By the end of March 2025, for the half of customers requiring an investigation, LeO expects the average customer journey time to be between 215 and 265 days for cases of all complexities. This is made up of a forecast waiting time of around 85 days for all complexities to be allocated to an investigator, and between 130 and 180 days for resolution, depending on individual complexity.

As detailed elsewhere in this report, in shaping the strategy, business plan, budget and Strategy, the OLC engaged with a wide range of stakeholders representing both providers and users of legal services. A summary of the consultation process and responses, together with the final documents, is available at <https://www.legalombudsman.org.uk/cy/who-we-are/corporate-publications/>

## Strategy for 2024-27: overview

<b>Purpose and what LeO is here to do</b>					
Resolving consumer complaints about legal providers, and sharing insight to improve legal services					
<b>Vision and where LeO is heading</b>					
A leading and trusted Ombudsman scheme where every complaint helps drive better legal services					
<b>Strategic objective for LeO's service</b>			<b>Strategic objective for LeO's impact</b>		
LeO resolves complaints fairly and effectively, providing an excellent customer experience			LeO's independent voice and experience lead to improvements in legal services		
<b>Aims</b>			<b>Aims</b>		
We will deliver an efficient and proportionate service	We will give fair, high-quality outcomes that make a difference	We will be accessible to everyone who needs us	We will build LeO's profile and impact as an independent voice for improvement	We will share learning and insights that help lead to better legal services for consumers	We will use our experience to help legal providers improve their complaints handling
<b>Enablers</b>					
People and culture					
Resources and governance					
Systems and intelligence					
Relationships and collaboration					
<b>Supporting strategies</b>					
People					
Equality, diversity and inclusion					
Technology and innovation (proposed)					
Knowledge and insight (proposed)					

Strategic objectives	Area of expense	2024/25 budget
LeO's service	Operational delivery	£11,188,340
LeO's impact	Policy, impact and engagement	£602,004
LeO's service and impact – critical enablers	Corporate functions and business support	£2,639,812
	<b>Total staff salary expenditure</b>	<b>£14,430,156</b>
LeO's service and impact – critical enablers	IT and telecoms	£1,608,598
	Premises and facilities	£737,003
	Other staff expenditure	£278,884
	Depreciation	£631,380
	Travel	£30,864
	Interest receivable	-£309,157
	Other costs	£541,874
	<b>Total non-salary expenditure</b>	<b>£3,519,446</b>
	<b>Total revenue expenditure</b>	<b>£17,949,602</b>

Income source	2024/25 budget
Levy	£16,954,000
Case fees	£816,000
Sundry (from Family Services' occupancy of Edward House office)	£180,000
<b>Total income</b>	<b>£17,950,000</b>

For 2024/25 the OLC's budget for LeO is £17.95 million, against £16.8 million in 2023/24 – a 6.95% increase. Inflation hasn't been applied as a blanket increase, but targeted to particular areas where cost pressures are known or anticipated. Of the proposed increase, 59% relates to a proposed pay award, and 26% to one-off exceptional costs.

The key features of the budget are:

- an overall increase in staff costs of 7%. This predominantly relates to a proposed 5% pay award, as LeO continues to respond to challenges in attracting and retaining staff in a competitive jobs market. The award is based on a best estimate at this time of future government pay guidance
- no further operational resource
- a small increase in overall staffing levels, relating to strengthening LeO's insight and impact capability and improving resilience in LeO's finance team.
- exceptional costs of around £275,000 – without which the increase in budget would be well below inflation at 5.3%. These costs relate to an increase in provision for dilapidations as LeO's Birmingham lease expires, IT licences, and development to support new website infrastructure, which will help streamline operations and direct information from LeO's website into its case-management system

A significant majority of LeO's budget comes from its levy income, with case fee income only covering approximately 4.5% of expenditure. Case fees are not charged where no investigation has been carried out by LeO, including cases resolved through early resolution, and only in certain circumstances where cases are investigated. LeO expects that a fee will apply in around half of investigation case closures in 2024/25.



**Paul McFadden**

Chief Ombudsman and Accounting Officer

9 July 2024

# Accountability report

This Accountability Report explains the governance structures supporting the work of the OLC and Legal Ombudsman and the codes and good practice they reflect. It includes the directors' report, the statement of Accounting Officer's responsibilities and the governance statement. It also sets out how risks and issues are managed and the 2023/24 internal audit opinion.

# Corporate governance report

## Directors' report

The Office for Legal Complaints is an arm's-length body of the MoJ. The OLC has responsibility under the Legal Services Act 2007 to set up and administer a scheme (the Legal Ombudsman) for resolving complaints from consumers about legal service providers in England and Wales. The OLC and Legal Ombudsman operate in accordance with the published Framework Document which sets out the basis for the operating partnership between the OLC, MoJ and LSB. Under the Legal Services Act, the LSB is the oversight regulator for the legal sector.

I have been Chief Ombudsman and Accounting Officer since January 2021 and have been the Accounting Officer throughout the reporting period. I am responsible for the day-to-day operations and running of the Legal Ombudsman. I work under the direction of the OLC Board, and as Accounting Officer I am accountable to the MoJ Permanent Secretary and Principal Accounting Officer.

As Accounting Officer, working together with my Executive Team, I have responsibility for operational performance and maintaining an effective system of governance and internal controls that allows the Legal Ombudsman to achieve its aims and objectives, while safeguarding the public funds for which I am personally accountable.

## OLC Board and composition

Schedule 15.1 of the Legal Services Act 2007 requires the OLC Board to consist of a Chair and at least six, but no more than eight, other persons. It must have a lay (non-legal) majority and reflect the experience and knowledge set out in Schedule 15.4 of the Act.

Board members' biographies can be found on the [Legal Ombudsman's website](#).

The OLC Board	Term(s)	Role(s)
<p data-bbox="142 521 384 555"><b>Elisabeth Davies</b></p> 	<p data-bbox="595 633 951 745">1 April 2020 to 31 March 2023 and 1 April 2023 to 31 March 2026</p>	<p data-bbox="1046 656 1418 723">Non-Executive Director and OLC Chair</p>
<p data-bbox="142 900 416 934"><b>Rachel Cerfontyne</b></p> 	<p data-bbox="595 1034 831 1102">1 March 2023 to 30 April 2027</p>	<p data-bbox="1046 1034 1418 1102">Non-Executive Director and member of RemCo</p>
<p data-bbox="142 1272 320 1305"><b>Jane Martin</b></p> 	<p data-bbox="595 1382 943 1494">1 May 2018 to 30 April 2021 and 1 May 2021 to 30 April 2024</p>	<p data-bbox="1046 1426 1358 1460">Non-Executive Director</p>
<p data-bbox="142 1650 464 1684"><b>Harindra Punchihewa</b></p> 	<p data-bbox="595 1785 871 1852">1 October 2020 to 30 September 2024</p>	<p data-bbox="1046 1785 1418 1852">Non-Executive Director and Chair of ARAC</p>

The OLC Board	Term(s)	Role(s)
<p data-bbox="140 521 379 555"><b>Alison Sansome</b></p> 	<p data-bbox="595 651 831 730">1 August 2021 to 31 July 2024</p>	<p data-bbox="1043 633 1366 748">Non-Executive Director, Chair of RemCo and member of ARAC</p>
<p data-bbox="150 900 320 934"><b>Dale Simon</b></p> 	<p data-bbox="595 1030 831 1108">1 August 2021 to 31 July 2024</p>	<p data-bbox="1043 1012 1366 1126">Non-Executive Director, member of RemCo and Board EDI sponsor</p>
<p data-bbox="140 1279 371 1312"><b>Martin Spencer</b></p> 	<p data-bbox="595 1408 831 1487">1 August 2021 to 31 July 2025</p>	<p data-bbox="1043 1413 1358 1491">Non-Executive Director and member of ARAC</p>
<p data-bbox="140 1657 339 1691"><b>Patricia Tueje</b></p> 	<p data-bbox="595 1787 831 1865">1 March 2023 to 30 April 2026</p>	<p data-bbox="1043 1805 1358 1839">Non-Executive Director</p>

### Registration of interests

The OLC Board members' register of disclosable interests can be found at <https://www.legalombudsman.org.uk/who-we-are/corporate-publications/governance/>.

### Auditors

The MoJ provides internal audit services to the OLC through the Government Internal Audit Agency (GIAA). During 2023/24 the cost of audit work was £48,515 + VAT (2022/23: £45,000 + VAT). The OLC's annual accounts are audited by the Comptroller and Auditor General (C&AG) in accordance with Schedule 15, section 26(5) of the Legal Services Act. For the year to 31 March 2024 the C&AG has estimated the costs at £46,000 (2022/23: £42,000). The services provided by the C&AG staff relate only to statutory audit work.

### Going concern

The OLC is a statutory body established by the Legal Services Act 2007. Under the Legal Services Act 2007, the OLC is funded by a levy on the legal profession. Levy funding is provided by the Approved Regulators annually in arrears. As at the date of signing 9 July 2024, the OLC has enough cash resources to meet anticipated expenditure and other net liabilities for the next 12 months.

### Format of accounts

These accounts have been prepared in a form directed by the Lord Chancellor and Secretary of State for Justice with approval of HM Treasury and in accordance with the Legal Services Act 2007.

## Statement of Accounting Officer's responsibilities

Under the Legal Services Act 2007, the Lord Chancellor has directed the OLC to prepare for each financial year a statement of accounts in the form and on the basis set out in the Accounts Direction. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the OLC and of its income and expenditure, Statement of Financial Position and cash flows for the financial year.

In preparing the accounts, the Accounting Officer is required to comply with the requirements of the 'Government Financial Reporting Manual', and in particular to:

- observe the Accounts Direction issued by the Lord Chancellor with the approval of HM Treasury, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis
- make judgements and estimates on a reasonable basis
- state whether applicable accounting standards as set out in the 'Government Financial Reporting Manual' have been followed, and disclose and explain any material departures in the financial statements
- prepare the financial statements on a going concern basis

- confirm that the Annual Report and Accounts as a whole is fair, balanced and understandable and take personal responsibility for the Annual Report and Accounts and the judgements required for determining that it is fair, balanced and understandable

The Lord Chancellor has appointed the Chief Ombudsman as Accounting Officer of the OLC. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding the OLC's assets, are set out in 'Managing Public Money' published by HM Treasury.

As Accounting Officer, I have taken all the steps that I ought to have taken to make myself aware of any relevant audit information and to establish that the OLC's auditors are aware of that information. So far as I am aware, there is no relevant audit information of which the auditors are unaware.



**Paul McFadden**

Chief Ombudsman and Accounting Officer

9 July 2024

## Governance statement

The governance statement sets out the basis on which the OLC is governed and managed, and how it is accountable. It identifies the risk management processes, and the effectiveness of the governance and risk arrangements.

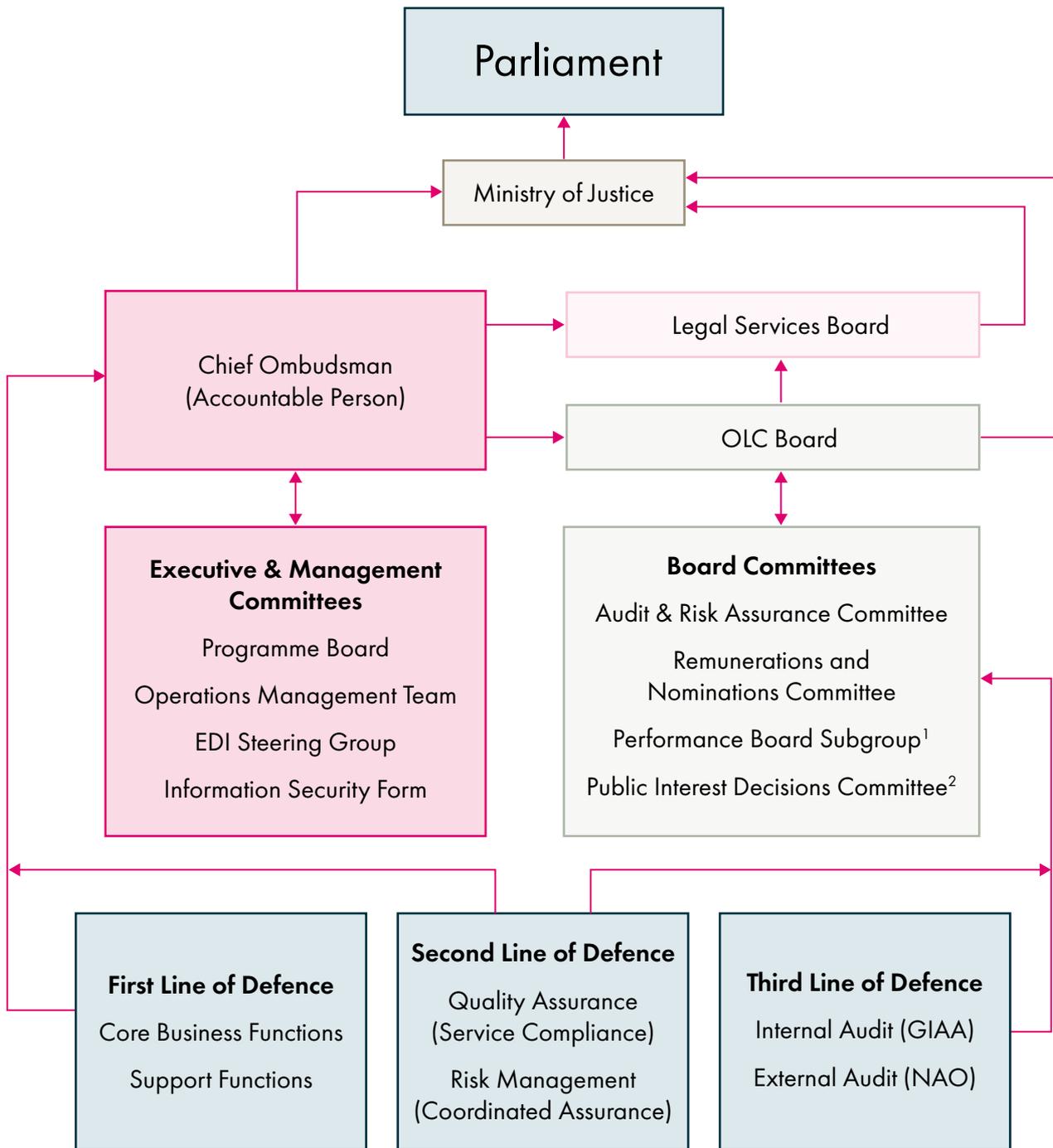
In all its work, the OLC considers good practice and standards for both the Ombudsman and legal sectors. The Legal Ombudsman has continued to be a member of the Ombudsman Association, and the OLC takes account of the views of Board members who have experience from other Ombudsman schemes. The OLC Board has regard to the regulatory objectives laid out in the Legal Services Act 2007, and appendix 1 of this report sets out the primary ways it meets these objectives.

Under the leadership of the Head of Finance and IT, the Finance Team has worked closely with the organisation's Management Team, to improve the financial management across the organisation, and to ensure that budgetary monitoring and control are a shared Executive responsibility. In previous years budget holders were supported to ensure they understand and effectively manage their budgets, jointly updating financial forecasts. The Executive Team held monthly financial review meetings focused on monitoring emerging budgetary variances and implementing mitigating actions. This has led to the overall actual expenditure being -0.20% of the budgeted expenditure.

The Head of Finance and IT and the Finance Manager provide assurance on financial governance through close monitoring of financial transactions. This is aided by ensuring that monthly balance sheet reconciliations are completed and reviewed, and financial processes are followed, including the separation of duties.

Regular reporting to the OLC Board has continued in 2023/24, with the Chair of the Audit and Risk Assurance Committee (ARAC) asking for further information as required to provide assurance of appropriate financial management.

In 2023/24 internal audit provided an overall moderate opinion on the framework of governance, risk management and control, recognising the ongoing work the OLC has done to build on the work to strengthen this.



1 This is not a subcommittee of the Board but part of the Budget and Business Plan cycle which enables the Board to assure itself of the integrity of the forecasting models each year.

2 Committee meets on an ad-hoc basis as required.

## Governance framework and management structure

Section 117 of the Legal Services Act 2007 requires the OLC to “have regard to such generally accepted principles of good corporate governance as it is reasonable to regard as applicable to it”. The OLC is a statutory body accountable to both the Ministry of Justice and the Legal Services Board. The Tripartite Operating Protocol describes how the three organisations will work together, and requires the OLC to “apply appropriate internal governance that supports effective delivery of its scheme and commands the confidence of the Legal Services Board (LSB) and MoJ”.

The OLC Board is accountable to the LSB for its administration of the Legal Ombudsman scheme, and the LSB is in turn accountable to the Lord Chancellor (MoJ) for the performance of its statutory duties, including those which it has in relation to the OLC. In their capacity as Accounting Officer, the Chief Ombudsman is separately accountable to the MoJ Principal Accounting Officer for the OLC’s performance in relation to ‘Managing Public Money’.

The protocol respects the independence of the LSB and OLC in discharging their statutory duties. This means the MoJ has established both organisations as executive Non-Departmental Public Bodies, rather than Crown servants or agents.

The Legal Ombudsman, which is overseen by the OLC, is independent, and its decisions can’t be influenced or overturned except by judicial review. The general principles that underpin the agreement reflect those set out in ‘Partnerships between Departments and Arm’s-Length Bodies: Code of Good Practice’.

As the chart above shows, the OLC’s governance framework follows the ‘three lines of defence’ model. This framework is published in full on LeO’s website, following a full refresh in 2022/23. LeO staff sign a declaration to confirm they have read and understand the organisation’s policies, and proactive engagement with LeO’s people ensures policies are followed. Annually going forward, ARAC will review an executive summary of the assurance map, which will set out a ‘red, amber, green’ (RAG) status based on assurance coverage.

To ensure it effectively discharges its statutory duties and makes high-quality decisions, the OLC Board has established committees that make recommendations to the Board (see OLC committees below). It has also established a Performance and Quality Sub-Group. Through its ongoing scrutiny of LeO’s business information, forecasting and reporting arrangements, supported by Power BI reporting, the OLC Board is satisfied that the data it uses to support its decision-making is robust.

## Key relationships

While the net funding for the OLC comes from a levy on the legal profession, the OLC's costs are classified as public expenditure. This means the OLC is directly accountable to the MoJ for its financial management. In addition to financial accountabilities to the MoJ, the LSB approves the OLC's budget and oversees the OLC's discharge of its responsibilities for the Legal Ombudsman.

Alongside these formal governance relationships, the OLC has a wide range of external stakeholders, including regulators, other ombudsman schemes and complaint-handling bodies, professional associations, legal service providers and representatives of legal services consumers. The OLC has working arrangements in place with all the frontline regulators of legal services, which are set out in a series of Memoranda of Understanding **available on LeO's website**.

LeO staff are also core stakeholders of the OLC. There is more about employee engagement and wellbeing under 'people and organisation'.

Consistent with previous years of its improvement journey, in 2023/24 the OLC maintained its commitment to transparency with stakeholders around the Legal Ombudsman's performance. During the year a significant amount of stakeholder engagement activity necessarily focused on the development of the OLC's new 2024-27 strategy for LeO. Stakeholders' significantly improved level of confidence in LeO, rooted in trust in LeO's leadership and its upward trajectory, has enabled a shift in the tone and content of its engagement – from a pure focus on LeO's recovery, to a future-focused conversation about how far and how quickly LeO could grow the impact of its insight and experience on helping drive better outcomes in the legal services sector.

## Effectiveness of the Board and its committees

The OLC must comply with HM Treasury's 'Corporate Governance in Central Government Departments: Code of Good Practice' (2011). As a statutory body, the OLC complies with the Code where it is practical and relevant to its circumstances. The OLC's governance arrangements satisfy the requirements of the main principles that are relevant to the OLC and there are no departures to report.

The Code recommends that an independent evaluation of board effectiveness be undertaken at least every three years. In keeping with this, in 2022/23 the OLC commissioned a review. The Board has now received and considered the full review and an action plan has been developed and agreed which is already being implemented. Key actions include:

- undertaking further developmental work with the Board or together with the Board and Executive. This has included:
  - a recalibrated induction session for new Board members, open to all members
  - timely use of Board workshops to focus on complex areas (such as attrition) in more detail
  - considering, at the beginning of the year, the type of Board the OLC wants to be
  - recognising the Board responsibility for shaping the culture and ways of working that will be needed to support delivery of the strategy
- reviewing the Board forward plan and redesigning Board meeting agendas around strategic items – so the Board spends less time on performance detail and instead refocuses on strategy, oversight and assurance. This has included:
  - moving to a single performance report that includes a dashboard showing all performance indicators that the Board should see
  - a reduction in supporting information to focus instead on providing assurance on improvement actions where there is underperformance
  - clarifying the hierarchy of oversight provided by the Board, committees, and the Executive Team to ensure that the performance information reviewed at each level is aligned to roles
  - cementing Board ownership of risk management. Further work is needed in this area, with a risk workshop planned during summer 2024. But the Chief Ombudsman's report at every meeting now includes the main risks and so does every single performance report

This development is a central plank of the Board's ongoing evolution and readiness to oversee the delivery of a new strategy for LeO: a key focus in 2023/24.

In addition, in Q4 each year each Board member undergoes a competency-based appraisal of their performance, with appraisals shared with the Legal Services Board. This year these included exit interviews with an outgoing Board member at the end of a second term of office. Earlier in the year, a review of the key themes from the annual reviews, alongside the collated findings of the skills audits, was shared at a Board Meeting.

Ahead of every Board meeting, the Chair instructs two Board members (one Non-Executive and one Executive) to give feedback at the end of the meeting on its effectiveness. In keeping with the external review of Board effectiveness, questions were adapted this year to ask:

- which session has worked particularly well strategically during the Board meeting and why?
- which paper was particularly useful strategically and why?
- where would you suggest there is learning and value in doing things differently in the future and in order to occupy more strategic space?

Findings are minuted and reviewed in the next planning meeting. In 2023/24, in keeping with recommendations of the externally commissioned review, further changes and ongoing improvements have been made so that:

- performance reporting occupies more strategic space
- duplication is avoided in what is considered by the full Board and by a delegated subset of Board Committee members
- formal written reports from Board Committees are used to avoid overreliance on minutes
- meeting agendas are reordered, with standard governance items considered at the end, not the start

The OLC has continued to make good use of pre-Board sessions. These have included more informal discussions with LeO staff, as well as open lunches, to ensure greater visibility of the Board among LeO colleagues.

The external evaluation noted: "continued Board development and renewal, with each arrival of new Board members (free of the past) helping to recalibrate slightly the Board's focus". Changes in the Board have felt gradual and seamless, and the Board has been successful in creating more of a team feeling in the leadership culture; the Board comes across as the right incarnation of personnel for the challenges of this time – invested and working cohesively".

OLC Board		
Operating framework and rules of procedure	<a href="https://www.legalombudsman.org.uk/information-centre/corporate-publications/governance/governance-frameworks/">https://www.legalombudsman.org.uk/information-centre/corporate-publications/governance/governance-frameworks/</a>	
Membership and attendance	<b>Name</b>	<b>Attendance at meetings, seminars and workshops</b>
	Elisabeth Davies (Chair)	7/7
	Rachel Cerfonteyne	6/7
	Jane Martin	7/7
	Harindra Punchihewa	6/7
	Alison Sansome	5/7
	Dale Simon	5/7
	Martin Spencer	7/7
	Patricia Tueje	6/7

## OLC Board

### Key activities and focus areas in 2023/24

- Scrutinising and challenging progress against the 2023/24 Business Plan and Budget, including delivery against LeO's trajectory for performance improvements.
- Developing and approving the 2024/25 Business Plan and Budget and the budget acceptance criteria for submission to the LSB, including assurance around the robustness of LeO's forecasts.
- Developing and approving the 2024-27 Strategy.
- Quality assurance, including in view of changes to LeO's Scheme Rules and processes.
- Scrutinising the development of the Scheme Rule changes and monitoring their impact from 1 April 2023, including the impact of the changes on LeO's customers and stakeholder engagement.
- The progress of LeO's People Strategy, EDI programme and actions arising from the 2022 Civil Service People Survey.
- Lessons learned from the 2022/23 Annual Report and Accounts process.
- Undertaking an external Board effectiveness review and Board effectiveness workshop, developing and implementing an action plan and monitoring progress to ensure that the Board had a more strategic framework.
- Annual review of governance documents, including scheme of delegations, OLC rules of procedure and committee terms of reference.

## OLC committees

Audit and Risk Assurance Committee		
Terms of reference	<a href="https://www.legalombudsman.org.uk/media/o5rdfs/gs/arac-terms-of-reference_december-2023.pdf">https://www.legalombudsman.org.uk/media/o5rdfs/gs/arac-terms-of-reference_december-2023.pdf</a>	
Key activities and focus areas in 2023/24	Name	Attendance
	Harindra Punchihewa (Chair)	4/4*
	Jane Martin	4/4*
	Alison Sansome	4/4*
	Martin Spencer	4/4*
	Elisabeth Davies (observer)	4/4
<p>* Jane Martin attended the May 2023 ARAC meeting for agenda items 1-9 of 17; Alison Sansome attended for items 6-17 only. Hari Punchihewa attended the October 2023 ARAC meeting for agenda items 1-7 of 12; Martin Spencer attended for items 8-12 only. Jane Martin attended the January 2024 ARAC meeting for agenda items 1-10 only out of 17.</p>		

## Audit and Risk Assurance Committee

### Key activities and focus areas in 2023/24

- The update of the Audit and Risk Assurance Committee's (ARAC's) terms of reference to reflect 'deep dive' reviews that are conducted twice a year.
- The identification, movement and management of strategic risks and issues relating to the delivery of LeO's strategic objectives. This included working with the Programme Management and Assurance Team to develop and put in place a risk dashboard, providing a coherent view across risk and performance, and analysis of an internal risk survey.
- Approving an updated assurance map, following a comprehensive assurance review in 2022/23.
- Approving the internal audit plan, considering progress on and results of the internal audit programme.
- Advising the OLC Board on annual financial statements regarding assurance gained on compliance with good practice, accounting standards and accounting policies adopted by the OLC, after reviewing four internal reports as well as external auditor reports.
- Review of the external audit plan and progress made in delivering it.
- Private meetings with both sets of auditors.
- Lessons learned from the 2022/23 Annual Report and Accounts process.
- Annual reviews and reports of data protection, data assurance, information rights, risk management, health and safety, security, cyber security, counter fraud and financial governance.
- A deep dive review of annual risk root causes, with review of the business continuity plan as well as the case management system and process.

Remuneration and Nominations Committee		
Terms of reference	<a href="https://www.legalombudsman.org.uk/media/s3ylthg4/remco-terms-of-reference.pdf">https://www.legalombudsman.org.uk/media/s3ylthg4/remco-terms-of-reference.pdf</a>	
Membership and attendance	<b>Name</b>	<b>Attendance</b>
	Alison Sansome (Chair)	2/2
	Rachel Cerfontyne	2/2
	Dale Simon	2/2
	Elisabeth Davies (observer)	2/2
RemCo meetings in 2023/24 took place on 16 November 2023 and 20 March 2024.		

## Remuneration and Nominations Committee

### Key activities and focus areas in 2023/24

- Monitoring and scrutiny of HR performance data on effectiveness and coherence of key people policies.
- Overseeing the development and approval of a revised People Strategy to align with the OLC Strategy 2024-27 and Business Plan 2024/25.
- Scrutiny of health and safety compliance report.
- Review and approval of the gender pay gap report.
- Considering terms of references and effectiveness of meetings in context of the wider OLC Board effectiveness review.
- Drawing conclusions from Civil Service Survey results 2023/24 to improve engagement and outcomes.
- Overseeing pay and benchmarking review so the organisation can best utilise this information.
- Executive pay for 2023/24.
- Annual meeting with LeO's Staff Council against the backdrop of the Staff Council refresh to re-energise wider engagement.
- Assuring the OLC Board about key HR policies and statutory obligations and their effectiveness.
- Strengthening recruitment and selection policies and associated processes, to provide greater structure and rigour and ensure compliance with HR and equality good practice and employment legislation.

<b>Performance Sub-Group</b>	
<b>Terms of reference</b>	Rather than being a standing committee with ongoing delegated responsibilities, the group focuses on specific aspects of performance and quality as required and in relation to the budget and business planning cycle.
<b>Key activities and focus areas in 2023/24</b>	<ul style="list-style-type: none"> <li>• Discussing and agreeing 2024/25 aims, actions and next steps.</li> <li>• Discussing and agreeing the MacPherson recommendations.</li> <li>• Reviewing, validating and (where required) adjusting the planned assumptions and expected incoming customer demand in line with known 2023/24 performance.</li> <li>• Review and agree expected customer demand trajectory as an input to performance forecasts.</li> </ul>

<b>Public Interest Decisions Committee</b>	
<b>Terms of reference</b>	<a href="https://www.legalombudsman.org.uk/media/cxljufhs/category-1-publications-committee_-terms-of-reference_october-2021.pdf">https://www.legalombudsman.org.uk/media/cxljufhs/category-1-publications-committee_-terms-of-reference_october-2021.pdf</a>
<b>Key activities and focus areas in 2023/24</b>	<p>The OLC established a Category One Publications Committee to guide the OLC in the exercise of its discretion under Section 150 of the Legal Services Act 2007. This means it oversees the approval process to publish decisions that highlight a serious risk to the public. The committee did not meet in 2023/24, but LeO has begun work to review the criteria for publication to ensure their relevance and robustness going forward.</p> <p>LeO has continued to engage with key stakeholders about the transparency of its ombudsman decisions more broadly, and will be taking this work forward under the OLC's 2024-27 strategy.</p>

## Risk management and risk assurance

The chart below shows how the OLC and Legal Ombudsman manage risk, from identifying risks to reporting on them. As arm's-length bodies, their arrangements are in line with relevant guidance, including the government 'Orange Book' guidance.

Risk is identified at different levels within the organisation.

- Project risks are identified by the Programme and Project Team. These are maintained and updated in a project risk log and jointly reviewed with LeO's Risk Manager once a month. Project risks are also reported monthly to a Programme Board, which will make decisions on the appropriate action to take.
- Business unit level risks are identified and reviewed monthly as part of business performance review meetings. The review of these risks is also linked to performance data and key risk indicators. Business performance reviews are held between the Risk Manager and the risks owners. Applicable risks are escalated to the Executive Team for discussion, following the escalation process in the OLC risk management framework.

- The Executive Team identifies, monitors and updates strategic risks and issues, and discusses them every month at Executive Team meetings. In addition, there is a quarterly in-depth review of the strategic risks and issues, which drives risk reporting and assurance to ARAC and the OLC Board.

Key updates in 2023/24 included:

- Risk tolerance. LeO's risk maturity has evolved. Monthly performance data is aligned to risk, by setting risk appetites and risk tolerances to performance metrics.
- Risk management. From April 2024 LeO will manage risks under a new, more robust and efficient system to provide consistency, education and assurance. It will also evaluate risk tolerance in a new way. This new approach will involve LeO conducting audits against controls and mitigations, using a similar format to an internal audit. It will use the outcome of these audits, together with key risk indicators, to determine a residual risk rating. Finally, it will compare the residual risk rating against the target score to determine risk tolerance.

- Assurance mapping. This is a mechanism for linking levels of assurance from various sources to the risks that threaten the achievement of strategic objectives, to ensure that LeO has robust controls in place. During 2023/24 LeO improved in a number of areas compared with the 2022/23 assurance map assessment:
  - corporate governance and risk management
  - health and safety and estate
  - policy/external affairs
  - personnel management
  - information management
  - contract management
  - technology
  - financial reporting
  - operational support
  - operational transformation
  - business intelligence
  - legal
  - project and programme management
  - strategy
  - operational delivery

The Executive Team reviewed the 2024/25 assurance map and presented it to ARAC in May 2024.

## Risk management process

### 1. Identification and assessment

All staff in the organisation can identify and raise a risk, as well as prioritising how risks should be managed. The key stakeholders involved in the identification process are:

- Individual members of staff
- Enterprise Risk Manager
- Head of Programme Management and Assurance
- Project Team
- Management Team
- Executive Team



### 2. Risk treatment

- Risk owners lead the identification, design and implementation of controls or mitigations, in order to manage risks to an acceptable level.
- The Enterprise Risk Manager and Head of Programme Management and Assurance support risk owners with the design of risk treatment options.



### 3. Risk monitoring

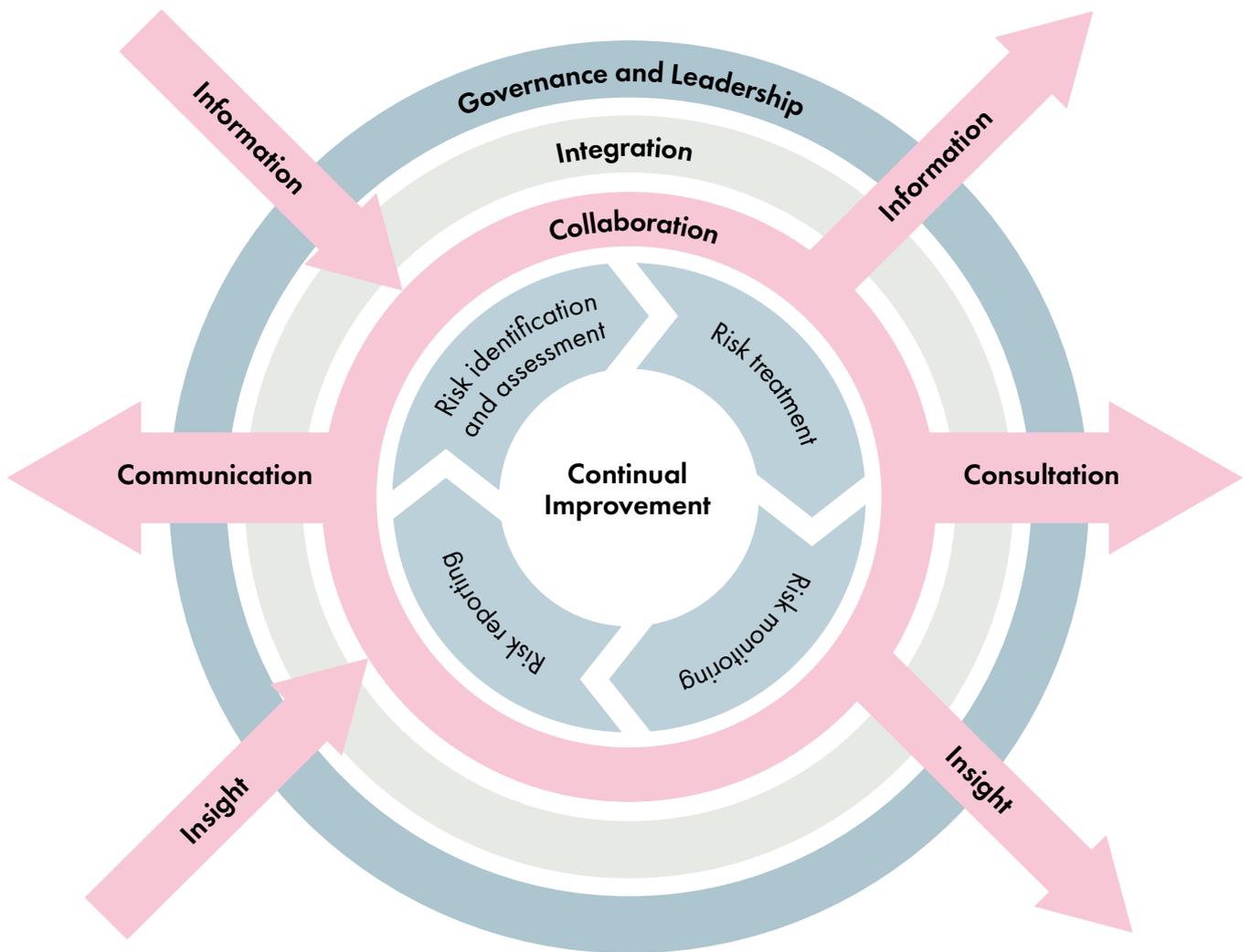
- Monthly review of risks and effectiveness of controls via business performance meetings (for business unit risks and strategic risks).
- Monthly review of risk indicators and risk tolerance levels based on data/performance.
- Monthly review of internal audit actions.
- Led by Enterprise Risk Manager, Head of Programme Management and Assurance, and risk owners.



### 4. Risk reporting

- Risk update to MOJ via business assurance meetings.
- Risk update shared via monthly agreed data set reporting.
- Risk assurance reports produced quarterly for ARAC.
- Monthly risk report shared with Executive Team.
- Risk dashboard in PowerBI.
- Annual strategic risk workshop with OLC Board.
- Led by the Risk Manager and Head of Programme Management and Assurance.





Looking ahead, the OLC will consider how to identify opportunities as well as risk when assessing strategic decisions. For example, changes to the Scheme Rules present risks to organisational stability while they are being embedded, but they also offer opportunities for improved customer experience and better casework management.

### Internal audit: Government Internal Audit Agency annual report and opinion

The GIAA annual internal audit opinion and report for 2023/24 gave the OLC an overall rating of moderate, with the following individual audit ratings.

Audit	Audit rating
Management reporting	Substantial
Cyber security	Substantial
Staff grievances and complaints	Substantial
Customer satisfaction	Moderate

Across the four reports, GIAA made nine recommendations in total (2022/23: 31): two medium priority and seven low priority.

In conclusion, GIAA reported: “During 2023/24, the OLC has continued to strive to achieve its defined strategic aims around providing fair and high-quality outcomes, being accessible to everyone who needs them, sharing insights to raise the standard of legal services and inform how legal services can improve their complaints handling. OLC has built on the work undertaken in 2022/23 and continues to work on embedding the governance, risk management and assurance frameworks at the operational level”.

GIAA’s medium priority recommendations “highlighted the need to strengthen the mechanisms to review customer survey results in detail to identify root causes, assess their impact and recommend suitable and proportionate improvement actions to the business”.

## Data incidents

The Legal Ombudsman handled around 125,000 contacts during the year, from early support with the complaint process through to full investigations of complex complaints. To carry out this role effectively, it needs to ask for and use a wide range of personal and sometimes sensitive information. During 2023/24 there were 97 data-related incidents (2022/23: 94), 0 of which met the threshold for formal reporting to the Information Commissioner's Office (ICO) (2022/23: 0).

During 2023/24 93% of LeO staff completed security and data protection e-learning (the remaining 7% were on long-term sickness or parental leave or left LeO after the e-learning was rolled out).

## Conclusion

As Accounting Officer I am satisfied that the OLC has maintained a functional overall standard of financial governance and control for the year under review and up to the date of approval of the Annual Report and Accounts.



**Paul McFadden**

Chief Ombudsman and Accounting Officer

9 July 2024

# Remuneration and staff report (audited)

This report sets out the OLC’s remuneration policy for directors and explains how the policy has been implemented. It provides details of the amounts awarded to the OLC directors as well as details of remuneration and staff, which are key to the OLC’s accountability to Parliament.

## Appointment and terms of OLC Board members

Elisabeth Davies, who served as OLC Chair from 1 April 2020 to 31 March 2023, was re-appointed on 1 April 2023 to March 2026.

The prior year comparison includes Elisabeth Bellamy and Annette Lovell, who both left the Board on 28 February 2023 having served two terms since 1 March 2018, and Rachel Cerfontyne and Patricia Tueje, who were appointed on 1 March 2023 until 30 April 2027 and 30 April 2026 respectively.

## Board remuneration

The remuneration of OLC Board members is shown in the tables below. The Chair and other OLC Board members are remunerated by the LSB and the total remuneration paid to the OLC Board is disclosed in the LSB’s accounts.

Member	Annual rate £'000	2023/24 £'000	2022/23 £'000
Elisabeth Davies (Chair)	50-55	50-55	50-55
Jane Martin	10-15	10-15	10-15
Harindra Punchihewa	10-15	10-15	10-15
Dale Simon	10-15	10-15	10-15
Alison Sansome	10-15	10-15	10-15
Martin Spencer	10-15	10-15	10-15
Rachel Cerfontyne	10-15	10-15	0-5
Patricia Tueje	10-15	10-15	0-5
Elisabeth Bellamy	10-15	–	5-10
Annette Lovell	10-15	–	5-10

No board member received a pension or bonus payment. The table does not include information on expenses paid to Board members. In addition to the remuneration above, £1,200 was accrued for PAYE settlement agreement on travel, and £8,351 of expenses was paid to Board members in 2023/24 (including accrued amounts) (2022/23: £7,181).

All expenses relating to Board attendance in Birmingham are reviewed to ensure the correct contributions are paid to HMRC. These contributions have caused some variation in the salary band category between LSB Board members.

## Executive remuneration

Year to 31 March 2024	Role	2023/24			Annual equivalent		
		Salary £'000	Pension benefits to nearest £'000	Total £'000	Salary £'000	Pension benefits to nearest £'000	Total £'000
P McFadden	Chief Ombudsman	130-135	9	140-145	130-135	9	140-145

Comparative figures for 2022/23 are in the table below.

Year to 31 March 2023	Role	2022/23			Annual equivalent		
		Salary £'000	Pension benefits to nearest £'000	Total £'000	Salary £'000	Pension benefits to nearest £'000	Total £'000
P McFadden	Chief Ombudsman	120-125	8	130-135	120-125	8	130-135
S Strinati*	Chief Operating Officer	30-35	2	30-35	105-110	6	110-115

\* S Strinati left LeO on 13 July 2022

## Staff numbers and related costs

	2023/24			2022/23		
	Permanent staff £'000	Other staff £'000	Total £'000	Permanent staff £'000	Other staff £'000	Total £'000
Wages and salaries	10,914	467	11,381	9,652	428	10,080
Social security costs	1,070	–	1,070	994	–	994
Other pension costs	822	–	822	775	–	775
	<b>12,806</b>	<b>467</b>	<b>13,273</b>	<b>11,421</b>	<b>428</b>	<b>11,849</b>
Exit packages	–	–	–	–	–	–
<b>Total net costs</b>	<b>12,806</b>	<b>467</b>	<b>13,273</b>	<b>11,421</b>	<b>428</b>	<b>11,849</b>

The annualised salary band of the highest-paid individual in the OLC in 2023/24 was £130,000 to £135,000, mid-point £137,500 (2022/23: £120,000 to £125,000, mid-point £122,500).

The mid-point of the highest-paid individual's banded salary was 3.91 times the median salary of the workforce in March 2024, which was £35,164 (2022/23: 3.66 times, £33,490).

Including awards paid to staff, the mid-point of the highest-paid individual's banded remuneration was 3.88 times the median remuneration of the workforce in March 2024, which was £35,477 (2022/23: 3.62 times, £33,815).

The movement reflects an increase in the median remuneration resulting from more established

staff, with more staff on the higher of the two increments of the median grade.

The mid-point of the highest-paid individual's banded salary was 4.25 times the 25th percentile employee's salary (£32,350) (2022/23: 3.98 times, £30,809). Including awards paid to staff, the mid-point of the highest-paid individual's banded remuneration was 4.25 times the 25th percentile employee's remuneration (2022/23: 3.98 times, £30,809).

The mid-point of the highest-paid individual's banded salary was 3.3 times the 75th percentile employee's salary (£41,622) (2022/23: 3.18 times, £38,557). Including awards paid to staff, the mid-point of the highest-paid individual's banded remuneration was 3.28 times the 75th percentile employee's remuneration (£41,975) (2022/23: 3.11 times, £39,332).

	2023/24		2022/23	
	Total salary and allowances	Bonus payments	Total salary and allowances	Bonus payments
Staff average	4.8%	68%	3%	17%
Highest-paid director	9%	–	9%	–

The highest paid director's salary in 2023/24 has increased by 9%. The increase in awards reflects improved levels of performance across LeO and a more structured approach to managing the scheme.

In 2023/24 no employees received remuneration in excess of the highest-paid director (2022/23: none). Remuneration ranged from £21,437 to £130,000 to £135,000 (2022/23: £21,860 to £120-125,000).

These figures exclude piece-rate workers.

Total remuneration includes salary but not employer pension contributions and the cash equivalent transfer value of pensions. All employees are eligible for interest-free season ticket loans, which are repayable over 10 months or on leaving employment. This has remained the same from 2022/23.

## Average number of persons employed

The table below shows the average number of whole-time equivalent people employed during the year.

	2023/24			2022/23		
	Total	Permanent staff	Other staff	Total	Permanent staff	Other staff
Directly employed	279	274	5	275	271	4
Not directly employed	–	–	–	2	–	2
<b>Total</b>	<b>279</b>	<b>274</b>	<b>5</b>	<b>277</b>	<b>271</b>	<b>6</b>

## Number of Senior Civil Service staff (equivalent)

	2023/24			2022/23		
	Total	Permanent staff	Other staff	Total	Permanent staff	Other staff
Directly employed	1	1	–	1	1	–
Not directly employed	–	–	–	–	–	–
<b>Total</b>	<b>1</b>	<b>1</b>	<b>–</b>	<b>1</b>	<b>1</b>	<b>–</b>

At 31 March 2024, there was one Senior Civil Service equivalent on the Executive Team.

The Remuneration Committee reviews and approves any proposed pay changes and any revision of pay for senior managers (and for the OLC as a whole).

## Gender balance and pay (unaudited)

As at 31 March 2024, 68% of colleagues employed were women (2022/23: 67%), which amounts to 202 female staff and 94 male (and 2 'prefer not to say'). There is a difference in the median salary of 4.4% due to a number of part-time female staff.

The difference in the mean average hourly salary is 10% in favour of men (2022/23: 12%). This is driven by higher-paid roles (team leaders, corporate managers, operations managers, Executive) having a 56% female bias (2022/23: 56%) rather than the 68% bias in the overall workforce (2022/23: 67%).

## Staff policies applied during the year (unaudited)

This reporting requirement relates to disabled staff. Reasonable adjustment requests are agreed in consultation with employees and their line managers, Occupational Health and the HR Team. Health and safety issues are regularly reviewed, quarterly health and safety returns are made to the MoJ, and an annual report is shared with the OLC Board.

As outlined earlier in this report, in 2023/24 LeO continued to implement stronger, more supportive HR policies. Its new policy on reasonable adjustments will help ensure team leaders effectively identify and respond to the needs of staff with disabilities or long-term conditions. The policy will also provide the support these team members need so they feel and perform at their best.

LeO also took forward plans to develop a new carer's passport, which has now been launched. Together, the carer's passport and the policy on reasonable adjustments will help LeO's people manage caring responsibilities and health issues alongside their work.

LeO's ongoing focus on transforming HR and embedding EDI across all areas of its work (see 'people and organisation') will support further improvements in the coming year and over the life of the new OLC strategy.

## Reporting of Civil Service and other compensation – exit packages

There were no exit packages in 2023/24 (2022/23: none).

## Staff sickness (unaudited)

As highlighted in people and organisation, LeO has continued to invest in activities to promote employees' wellbeing, as well as raising managers' capacity to effectively support their people with wellbeing and absence. The People Strategy has led to the development of stronger policies, with HR providing additional support where staff are experiencing challenges to their health, whether physical or mental.

The new Leadership Development Programme rolled out in 2023/24 involved managers in a key session on the topic. LeO's personal development review process allows it to identify and formally capture any support needed, including reasonable adjustments.

After increasing over the previous six months, sickness absence fell during Q4. At the end of the quarter it was 12 days per employee, against a target of 11 days – within the 'green' category for tolerance. Although the main reason for sickness absence continues to be mental health issues, LeO saw a significant fall across Q4 in the number of days lost due to this, from 134 days (30.5%) in January to 40 days (14%) in March 2024.

	2023/24	2022/23
Average days per employee lost to sickness	13.5 (FTE) (12.6 per head)	12.4 (FTE) (11.6 per head)
<b>Total working days lost due to sickness absence</b>	<b>5.2%</b>	<b>5.0%</b>

## Pensions

The OLC has agreed that the Legal Ombudsman has a defined contribution group personal pension scheme to which the OLC makes fixed contributions but has no other liabilities. During the year, the OLC allowed employees to elect to sacrifice a proportion of their basic pay in return for correspondingly increased contributions to their pension scheme.

The OLC makes matching contributions of twice the amount contributed by individual employees up to a maximum of 10%. Reductions in Employer National Insurance contributions resulting from this salary sacrifice arrangement are also contributed into the employee pension scheme.

The pension scheme provided by the Legal Ombudsman to its employees in 2023/24 remained the same as in 2022/23.

## Consultancy (unaudited)

There was no consultancy expenditure in 2023/24 (2022/23: none).

## Off-payroll engagements (unaudited)

One individual – the Service Complaints Adjudicator – is considered an off-payroll engagement due to the independence requirement of the role. Following an initial competitive tender, the OLC approved the extension of the existing three-year appointment for a further 12 months until March 2025 – reflecting the need for stability and continuity as LeO evolves its approach to service complaints following recommendations from the Adjudicator and GIAA. The Adjudicator is contracted on the basis of work delivered and is not paid a salary. The OLC undertook no other off-payroll engagements in 2023/24.

## Staff turnover (unaudited)

As highlighted elsewhere in this report, attrition is a key strategic issue and risk for LeO – directly impacting its ability to achieve its strategic objectives and business plan ambitions. As outlined in ‘people and organisation’, work under the People Strategy in 2023/24 has sought to address the root causes of attrition in any ways that are within LeO’s control.

The attrition figure represents those employees who voluntarily left the organisation during the year.

	Actual 2023/24	Target 2023/24	Actual 2022/23
Turnover	20.1%	21%	20.8%
Attrition	19.8%	19%	18.7%

# Parliamentary accountability and audit report (audited)

## Regularity of expenditure

### Losses and special payments

No special payments were made during 2023/24 (2022/23: none).

### Gifts

No gifts made by the organisation in 2023/24 (2022/23: none) that exceeded limits proscribed in 'Managing Public Money' (HM Treasury).

### Remote contingent liabilities

There are no remote contingent liabilities to report in 2023/24 (2022/23: none).

### Financial instruments

The OLC does not have borrowings. Its cash requirements primarily rely on a levy on the legal services sector and case fee income. This means the OLC is not exposed to significant security risks.

## Long-term expenditure trends (unaudited)

The OLC's initial budget in the first full year of operation was £17.3 million in the legal jurisdiction. This reduced in each subsequent operating year until 2017/18, when there was a small increase for one year relating to the one-off costs of LeO's modernisation programme. In 2021/22 and 2022/23 budgets of £14.5 million and £15.3 million respectively were approved to respond to performance challenges, and subsequently to take into account partial inflation and the full-year impact of recruitment in 2021/22. The OLC spent £16.8m 2023/24, reflecting significant inflationary pressures, especially on salaries. A budget of £17.95 million was approved for 2024/25.

### Fees and charges

Analysis of fees and charges is disclosed on page 132.

### Government Functional Standards

The OLC continues to assess its compliance with appropriate functional standards across its operations, in line with its adherence to the requirements of HM Treasury's 'Managing Public Money'.

# Certificate and report of the Comptroller and Auditor General to the Houses of Parliament

## Opinion on financial statements

I certify that I have audited the financial statements of the Office for Legal Complaints for the year ended 31 March 2024 under the Legal Services Act 2007.

The financial statements comprise the Office for Legal Complaints'

- Statement of Financial Position as at 31 March 2024;
- Statement of Comprehensive Net Expenditure, Statement of Cash Flows and Statement of Changes in Taxpayers' Equity for the year then ended; and
- the related notes including the significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and UK adopted International Accounting Standards.

In my opinion, the financial statements:

- give a true and fair view of the state of the Office for Legal Complaints' affairs as at 31 March 2024 and its net expenditure after interest and taxation for the year then ended; and
- have been properly prepared in accordance with the Legal Services Act 2007 and Lord Chancellor directions issued thereunder.

## Opinion on regularity

In my opinion, in all material respects, the income and expenditure recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

## Basis for opinions

I conducted my audit in accordance with International Standards on Auditing (UK) (ISAs UK), applicable law and Practice Note 10 Audit of Financial Statements and Regularity of Public Sector Bodies in the United Kingdom (2022). My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my certificate.

Those standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard 2019. I am independent of the Office for Legal Complaints in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

## Conclusions relating to going concern

In auditing the financial statements, I have concluded that the Office for Legal Complaints' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Office for Legal Complaints' ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the Accounting Officer with respect to going concern are described in the relevant sections of this certificate.

The going concern basis of accounting for the Office for Legal Complaints is adopted in consideration of the requirements set out in HM Treasury's Government Financial Reporting Manual, which requires entities to adopt the going concern basis of accounting in the preparation of the financial statements where it is anticipated that the services which they provide will continue into the future.

## Other Information

The other information comprises information included in the Annual Report and its appendices, but does not include the financial statements and my auditor's certificate. The Accounting Officer is responsible for the other information.

My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my certificate, I do not express any form of assurance conclusion thereon.

My responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

## Opinion on other matters

In my opinion the part of the Remuneration and Staff Report to be audited has been properly prepared in accordance with Lord Chancellor directions issued under the Legal Services Act 2007.

In my opinion, based on the work undertaken in the course of the audit:

- the parts of the Accountability Report subject to audit have been properly prepared in accordance with Lord Chancellor directions made under the Legal Services Act 2007; and
- the information given in the Performance Report and Accountability Report for the financial year for which the financial statements are prepared is consistent with the financial statements and is in accordance with the applicable legal requirements.

## Matters on which I report by exception

In the light of the knowledge and understanding of the Office for Legal Complaints and its environment obtained in the course of the audit, I have not identified material misstatements in the Performance Report and Accountability Report.

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept by the Office for Legal Complaints or returns adequate for my audit have not been received from branches not visited by my staff; or
- I have not received all of the information and explanations I require for my audit; or
- the financial statements and the parts of the Accountability Report subject to audit are not in agreement with the accounting records and returns; or
- certain disclosures of remuneration specified by HM Treasury's Government Financial Reporting Manual have not been made or parts of the Remuneration and Staff Report to be audited is not in agreement with the accounting records and returns; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

## Responsibilities of the Accounting Officer for the financial statements

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Accounting Officer is responsible for:

- maintaining proper accounting records;
  - providing the C&AG with access to all information of which management is aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
  - providing the C&AG with additional information and explanations needed for his audit;
  - providing the C&AG with unrestricted access to persons within the Office for Legal Complaints from whom the auditor determines it necessary to obtain audit evidence;
  - ensuring such internal controls are in place as deemed necessary to enable the preparation of financial statements to be free from material misstatement, whether due to fraud or error;
  - preparing financial statements which give a true and fair view in accordance with Lord Chancellor directions issued under the Legal Services Act 2007;
- preparing the annual report, which includes the Remuneration and Staff Report, in accordance with Lord Chancellor directions issued under the Legal Services Act 2007; and
  - assessing the Office for Legal Complaints' ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Accounting Officer [anticipates that the services provided by the Office for Legal Complaints will not continue to be provided in the future.

## **Auditor's responsibilities for the audit of the financial statements**

My responsibility is to audit, certify and report on the financial statements in accordance with the Legal Services Act 2007.

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a certificate that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

## **Extent to which the audit was considered capable of detecting non-compliance with laws and regulations including fraud**

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulations, including fraud. The extent to which my procedures are capable of detecting non-compliance with laws and regulations, including fraud is detailed below.

## **Identifying and assessing potential risks related to non-compliance with laws and regulations, including fraud**

In identifying and assessing risks of material misstatement in respect of non-compliance with laws and regulations, including fraud, I:

- considered the nature of the sector, control environment and operational performance including the design of the Office for Legal Complaints' accounting policies.
- inquired of management, the Office for Legal Complaints' head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to the Office for Legal Complaints' policies and procedures on:
  - identifying, evaluating and complying with laws and regulations;
  - detecting and responding to the risks of fraud; and
  - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the Office for Legal Complaints' controls relating to the Office for Legal Complaints' compliance with the Legal Services Act 2007, Managing Public Money, and employment law.

- inquired of management, the Office for Legal Complaints' head of internal audit and those charged with governance whether:
- they were aware of any instances of non-compliance with laws and regulations;
- they had knowledge of any actual, suspected, or alleged fraud;
- discussed with the engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, I considered the opportunities and incentives that may exist within the Office for Legal Complaints for fraud and identified the greatest potential for fraud in the following areas: revenue recognition, posting of unusual journals, complex transactions and bias in management estimates. In common with all audits under ISAs (UK), I am required to perform specific procedures to respond to the risk of management override.

I obtained an understanding of the Office for Legal Complaints' framework of authority and other legal and regulatory frameworks in which the Office for Legal Complaints operates. I focused on those laws and regulations that had a direct effect on material amounts and disclosures in the financial statements or that had a fundamental effect on the operations of the Office for Legal Complaints. The key laws and regulations I considered in this context included the Legal Services Act 2007 and Managing Public Money.

### Audit response to identified risk

To respond to the identified risks resulting from the above procedures:

- I reviewed the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described above as having direct effect on the financial statements;
- I enquired of management, the Audit and Risk Committee and in-house legal counsel concerning actual and potential litigation and claims;
- I reviewed minutes of meetings of those charged with governance and the Board and internal audit reports;
- I addressed the risk of fraud through management override of controls by testing the appropriateness of journal entries and other adjustments; assessing whether the judgements on estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business; and
- Tested the appropriateness of expenditure incurred and ensuring that levy charged is to approved bodies and in line with the Legal Services Act 2007.

I communicated relevant identified laws and regulations and potential risks of fraud to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of my certificate.

### Other auditor's responsibilities

I am required to obtain sufficient appropriate audit evidence to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control I identify during my audit.

## Report

I have no observations to make on these financial statements.

**Gareth Davies**

**11 July 2024**

**Comptroller and Auditor General**

National Audit Office  
157-197 Buckingham Palace Road Victoria  
London SW1W 9SP

# Financial statements

This section contains the OLC's Financial Statements for the year ending 31 March 2024. The notes from page 123 to 143 are part of the statements.

# Statement of comprehensive net expenditure

For the year ending 31 March 2024

		2023/24		2022/23	
	Note	£'000	£'000	£'000	£'000
<b>Income</b>					
Income from operating activities	3		(16,750)		(15,316)
<b>Total Income</b>			(16,750)		(15,316)
Staff costs	2	13,273		11,849	
Depreciation, amortisation and impairment	4, 5, 6	662		636	
Provision expense	11	(79)		27	
Other operating expenditure	2	3,334		2,995	
<b>Total operating expenditure</b>	2		17,190		15,507
<b>Net operating expenditure</b>			440		191
Interest and charges received			(586)		(236)
Taxation			146		45
<b>Net expenditure after interest and taxation</b>			–		–

All expenditure is derived from continuing activities.

There has been no other comprehensive expenditure in the year.

The notes from page 123 to 143 are part of these financial statements.

# Statement of financial position

As at 31 March 2024

		31 March 2024		31 March 2023
	Note	£'000	£'000	£'000
<b>Non-current assets</b>				
Property, plant and equipment	4	184		428
Right-of-use asset	5	152		328
Intangible assets	6	271		71
<b>Total non-current assets</b>		<b>607</b>		<b>827</b>
<b>Current assets</b>				
Trade and other receivables	8	615		355
Cash and cash equivalents	9	18,351		18,758
<b>Total current assets</b>		<b>18,966</b>		<b>19,113</b>
<b>Total assets</b>			<b>19,573</b>	<b>19,940</b>
<b>Current liabilities</b>				
Trade and other payables	10	(426)		(350)
Provisions	11	(483)		(107)
Other liabilities	10	(875)		(1,140)
Lease liability	13	(52)		(293)
<b>Total current liabilities</b>		<b>(1,836)</b>		<b>(1,890)</b>
<b>Total assets less current liabilities</b>			<b>17,737</b>	<b>18,050</b>

# Statement of financial position (continued)

		31 March 2024		31 March 2023
	Note	£'000	£'000	£'000
<b>Non-current liabilities</b>				
Provisions	11	–		(261)
Lease liability	13	–		(52)
<b>Total non-current liabilities</b>		–		(313)
<b>Total assets less liabilities</b>		17,737		17,737
<b>Taxpayers' equity and other reserves</b>				
General fund			17,737	17,737
<b>Total taxpayers' equity and other reserves</b>		17,737		17,737

The notes from page 123 to 143 are part of these financial statements.



**Paul McFadden**

Chief Ombudsman and Accounting Officer

9 July 2024

# Statement of cash flows

For the year ending 31 March 2024

		2023/24		2022/23	
	Note	£'000	£'000	£'000	£'000
<b>Cash flows from operating activities</b>					
Net expenditure pre interest and tax		(440)		(191)	
Adjustments for non-cash transactions	2	468		641	
(Increase)/decrease in trade and other receivables	8	(260)		(165)	
Increase/(decrease) in trade and other payables	10	(335)		139	
Noncash reclassification of lease commitment liability to ROU asset	5				
Increase in provisions	11	115		27	
Interest received		586		236	
<b>Net cash inflows from operating activities</b>		134		687	
<b>Cash flows from investing activities</b>					
Purchase of property, plant and equipment	4	(18)		(210)	
Purchase of intangible assets	5	(230)		(40)	
<b>Net cash outflows from investing activities</b>		(248)		(250)	
Cash flows from financing activities					
Payments in respect of leases (IFRS 16)		(293)		(295)	

# Statement of cash flows (continued)

		2023/24		2022/23	
	Note	£'000	£'000	£'000	£'000
Net cash outflows from financing activities		(293)		(295)	
Net increase in cash and cash equivalents in the year		(407)		142	
Cash and cash equivalents at the beginning of the year	9	18,758		18,616	
Cash and cash equivalents at the end of the year	9	18,351		18,758	

The notes from page 123 to 143 are part of these financial statements.

# Statement of changes in taxpayers' equity

For the year ending 31 March 2024

	Total Reserves
	£'000
<b>Balance at 31 March 2023</b>	17,737
Grants from sponsoring department	–
Net expenditure for the year after interest and taxation	–
Notional transfer to Consolidated Funds	15,316
Notional receipts from Sponsor	(15,316)
<b>Balance at 31 March 2023</b>	17,737
Grants from sponsoring department	
Net expenditure for the year after interest and taxation	
Notional transfer to Consolidated Funds	16,750
Notional receipts from Sponsor	(16,750)
<b>Balance at 31 March 2024</b>	17,737

The notes from page 123 to 143 are part of these financial statements.

# Notes to the Office for Legal Complaints' accounts

## 1 Statement of accounting policies

These financial statements have been prepared in accordance with the Government Financial Reporting Manual (FReM) issued by HM Treasury. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy has been selected which is judged to be most appropriate to the circumstances of the OLC, for the purpose of giving a true and fair view. The policies adopted by the OLC are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

### 1.1 Accounting convention

These accounts have been prepared under the historical cost convention modified by revaluation of certain assets to fair value where appropriate, as determined by the relevant accounting standards, and subject to the interpretations and adaptations of those standards in the FReM. The Accounts are also fully consistent with International Financial Reporting Standards (IFRS)

### 1.2 Going concern

The OLC is a statutory body established by the Legal Services Act 2007. Under the Legal Services Act 2007, the OLC is funded by a levy upon the legal profession. Levy funding is provided by the Approved Regulators annually in arrears. As at the date of signing 9 July 2024, the OLC has enough cash resources to meet anticipated expenditure and other net liabilities for the next 12 months.

### 1.3 Income

The OLC is funded by a combination of a levy on the legal profession and case fees. The levy is collected from the legal profession's Approved Regulators. Amounts due in respect of the levy are recognised as income in the year to which related expenditure is recognised in the statement of comprehensive net expenditure.

The Legal Services Act 2007 requires the Office for Legal Complaints to set charges (case fees) for all complaints we accept as being within the jurisdiction of the Legal Ombudsman scheme. However, a case fee may be waived in certain circumstances. These are where the complaint was abandoned or withdrawn, or settled, resolved or determined in favour of the authorised person, and an ombudsman is satisfied that the lawyer took all reasonable steps to try to resolve the complaint under their own procedure. Case fee income is recognised in the year that the case is resolved. Amounts charged in respect of case fees correspondingly reduce amounts due in respect of the levy due from Approved Regulators. In accordance with IFRS 15 no case fees are recognised where there are no chances of recovery.

The LSB, in conjunction with the MoJ and HM Treasury, is seeking to identify a suitable legislative vehicle to make an amendment to s175 of the Act. This is to confirm the current practice whereby the OLC retains all amounts received through the levy and any prescribed fees rather than passing this over to the Consolidated Fund and then having the same amounts returned to it by the MoJ. The LSB and OLC believe that this was the intention of Parliament when debating the Bill to set up the LSB and OLC, although some of the drafting of s175 does not capture this intent correctly.

To comply with the requirements of s 175 for the year ended 31 March 2024 the MoJ will be responsible for making a payment on behalf of the OLC to the Consolidated Fund equivalent to the income received by the OLC for the year from the levy and prescribed fees. Accordingly, a notional transfer to the Consolidated Fund has been shown in the Statement of Changes to Taxpayers' Equity. An equal amount is shown as a notional receipt from the sponsoring department. There is no change in the income policy and performance obligations from prior year. The method of income recognition is deemed appropriate for the services provided and as per IFRS 15.

IFRS 15 Revenue from contracts with customers requires entities to apply a 5-step model framework to determine revenue recognition.

1. Identify the contract(s) with the customer: The FReM adaptation of IFRS 15 expands the definition of a contract to include legislation and regulations which enables an entity to obtain revenue. In OLC's case this legislation is the Legal Services Act 2007.
2. Identify the performance obligations in the contract: The Legal Services Act 2007 stipulates that the costs of the OLC should be recovered by means of a levy imposed on the approved regulators during the financial year for the period of operation. In addition, it requires that Scheme Rules make provision for charges payable by respondents (case fee income).
3. Determine the transaction price: The total costs incurred by the OLC in the financial year are allocated to Approved Regulators. Case fee income is imposed on the service providers at a value stated in the Legal Ombudsman's Scheme Rules.
4. Allocate the transaction price to the performance obligation: The levy income is accrued and matched with the OLC's net expenditure after case fees in the period to ensure that expenditure incurred is recovered in the same period. The charging or waiving of the case fee is determined by the outcome of the investigation.
5. Recognise revenue when (or as) the entity satisfies a performance obligation: Revenue is recognised over time as expenditure relating to the regulatory activity of the OLC is incurred. Case fee income is not recognisable until the investigation is completed, and the outcome determined. Income is recognised at this point.

## 1.4 Property, plant and equipment

The OLC recognises property, plant and equipment under International Accounting Standard (IAS) 16 as adapted by the FReM and writes off in the year of acquisition any individual expenditure of less than £500 on capital equipment and furnishings. Capital assets with a purchase cost of at least £500 are depreciated to their residual value over their useful economic life in equal monthly instalments. The first instalments are charged in the month of bringing the asset into use and no charge is made in the month of disposal.

The following rates of depreciation are applied on a straight-line basis over the following periods:

- leasehold improvements: over the residual life of lease or 10 years
- furniture and equipment: three to ten years
- computer hardware: three to five years

## 1.5 Intangible assets

Expenditure on major Information Technology (IT) projects is capitalised. This also includes expenditure on software, and any professional service costs exceeding £500 for up-front development and configuration costs establishing and developing the OLC's IT assets for use. The following rates of amortisation are applied on a straight-line basis over the following periods:

- software licenses: in equal monthly instalments over three years or the life of the licence
- information technology: three to five years or in equal monthly instalments over the residual life of the contract

## 1.6 Impairment and revaluation policy on non-current assets

Impairment is required to ensure that assets are carried at no more than their recoverable amount. An asset is carried at more than its recoverable amount if its carrying amount exceeds the amount to be recovered through the use or sale of the assets. An impairment reflects a permanent diminution in the value of an asset.

## 1.7 Leases

### Scope and exclusions – OLC as Lessee

In accordance with IFRS16 Leases contracts, or parts of contracts, that convey the right to control the use of an asset for a period of time are accounted for as leases. Prior to the adoption of IFRS16, operating lease payments were recognised as an expense and charged on a straight-line basis over the lease term.

Contracts for services are evaluated to determine whether they convey the right to control the use of an identified asset, incorporating both the right to obtain substantially all the economic benefits from the asset and to direct its use. If so, the relevant part of the contract is treated as a lease.

### Initial recognition

At the commencement of a lease (or on the date of transition to IFRS16, if later), the OLC recognises a right-of-use asset and a lease liability. The lease liability is measured at the value of the remaining lease payments discounted either by the interest rate implicit in the lease, or where this is not readily determinable, the department's incremental rate of borrowing. This rate is advised annually by HM Treasury.

The right-of-use asset is measured at the value of the lease liability, adjusted for any lease payments made before the commencement date, any lease incentives received, any incremental costs of obtaining the lease, and any costs of removing the asset and restoring the site at the end of the lease.

When making the assessment the OLC excludes low value item leases. These are leases which OLC considers as those where the underlying asset would have a cost of less than £10,000 when new, provided those items are not highly dependent on or integrated with other items.

## Subsequent measurement

The lease liability will be adjusted for the accrual of interest, repayments, reassessments and modifications.

After initial recognition, the right-of-use asset will be measured using the fair value model. The OLC considers that the cost model (measurement by reference to the lease liability) is a reasonable proxy for fair value, in the case of non-property leases, and for property leases of less than five years or with regular rent reviews.

The value of the asset will be adjusted for subsequent depreciation and impairment, and for reassessments and modifications of the lease liability as described above. Where the amount of a reduction to the asset exceeds the carrying value of the asset, the excess amount is recognised in expenditure.

Expenditure for each financial year includes interest on the lease liability and a straight-line depreciation charge on the right-of-use asset, together with any impairment of the right-of-use asset and any change in variable lease payments, that was not included in the measurement of the lease payments during the period in which the triggering event occurred. Rental payments in respect of leases of low value items, or with a term under 12 months, are also expensed.

The only current lease to which IFRS 16 applies in the OLC's circumstances is the Edward House, Birmingham premises lease, which has an expiry date of 28 August 2024.

### 1.8 Value Added Tax

The OLC is registered for VAT. VAT incurred on the provision of training provided to the legal jurisdiction and licence arrangements for subletting are recoverable where VAT is charged on invoices. The OLC is unable to recover VAT on expenditure relating to its primary service of complaints and therefore most of the expenditure and the capitalised value of non-current assets includes this irrecoverable VAT. VAT is recoverable for costs associated with the licence arrangements for subletting of the premises.

## 1.9 Pensions

The OLC has established a defined contribution group personal pension scheme to which the OLC makes contributions but has no other liabilities. The OLC makes matching contributions of twice the amount contributed by employees up to a maximum of 10% of the employee's salary.

## 1.10 Corporation tax

The OLC earns interest on cash deposits held with the Government Banking Service. This interest is subject to corporation tax in the normal manner.

## 1.11 Provisions

The OLC provides for financial liabilities in the statement of financial position in accordance with IAS37 as adapted by FReM where: there is a legal, constructive or contractual obligation as a result of a past event; where it is probable that financial resources will be required to settle the obligation; and where a reasonable estimate can be made of the amount of the obligation.

## 1.12 Financial instruments

The OLC does not hold any complex financial instruments. The only financial instruments included in the Accounts are receivables and payables (notes 8 and 10)

Financial assets comprise fee receivable and contract receivables. Receivables are recognised at carrying value, reduced by appropriate allowances for estimated irrecoverable amounts in line with the OLC receivables policy.

Trade creditors are short term and are stated at carrying value in recognition that these liabilities fall within one year.

## 1.13 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank that is readily convertible to a known amount of cash and is subject to an insignificant risk of change in value.

## 1.14 Critical accounting judgements and key sources of estimation uncertainty

In the application of the entity's accounting policies, which are described in Note 1, management are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

### **Critical judgements in applying the entity's accounting policies**

The management are of the opinion that any instances of application of judgments are not expected to have a significant effect on the amounts recognised in the financial statements.

### **Key sources of estimation uncertainty**

In the process of applying its accounting policies, management has made key estimates and assumptions concerning the future and other key sources of estimation uncertainty. The key assumptions and estimates at the reporting date that have a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities within the next financial year, are described below. Actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods.

Management are of the opinion that there are no key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year.

## 2 Expenditure

Further analysis of staff costs is located in the Remuneration and Staff report on page 100.

		2023/24		2022/23	
	Note	£'000	£'000	£'000	£'000
<b>Expenditure</b>					
<b>Staff costs</b>					
Wages and salaries		11,381		10,080	
Social security costs		1,070		994	
Other pension costs		822		775	
<b>Total staff costs</b>		<b>13,273</b>		<b>11,849</b>	
IT and telecoms		1,503		1,404	
Uncollectible debts		81		56	
Facilities services		224		234	
External communications		125		121	
Staff wellbeing		135		91	
Legal and professional fees		287		153	
VAT on lease payments		40		57	
Recruitment costs		226		341	
Premises costs		452		307	
Other running costs		60		51	
Training		81		70	
External audit fees		46		42	
Internal audit fees		58		54	
Travel and subsistence		14		9	
<b>Total cash operating expenditure</b>			<b>3,332</b>		<b>2,990</b>
<b>Total cash items</b>			<b>16,605</b>		<b>14,839</b>

## Expenditure (continued)

	Note	2023/24		2022/23	
		£'000	£'000	£'000	£'000
Loss/(profit) on disposal of assets		4			–
Depreciation		258			260
Depreciation – IFRS 16 lease		370			233
Amortisation		30			143
<b>Depreciation, amortisation and impairment</b>		<b>662</b>			<b>636</b>
Change in dilapidations provision*		–			(3)
Change in other provision		(79)			30
Corporation tax		146			45
Interest charge – IFRS 16 lease		2			5
<b>Total non-cash items</b>			<b>731</b>		<b>713</b>
<b>Total</b>			<b>17,336</b>		<b>15,552</b>
Total cash operating expenditure		3,332			2,990
Interest charge – IFRS 16 lease		2			5
<b>Total other operating expenditure</b>		<b>3,334</b>			<b>2,995</b>

\*While there has been an increase in dilapidations provision for 2023/24, the impact on expenditure is nil; the increased provision has instead been capitalised to the right of use asset.

### 3 Income

Levy income represents amounts due in respect of the annual levy due for Approved Regulators (see note 1.3). Case fee income represents amounts due in respect of case fees chargeable in respect of cases closed in 2023/24 (see note 1.3).

	2023/24	2022/23
	£'000	£'000
<b>Income</b>		
Levy income in respect of the Legal Ombudsman scheme	15,726	14,308
Case fee income	825	820
Other income	199	188
<b>Total</b>	<b>16,750</b>	<b>15,316</b>

## 4 Property, plant and equipment

	Information technology	Leasehold improvements	Furniture and fittings	Total
<b>Cost or valuation</b>				
At 1 April 2023	703	833	542	2,078
Additions	4	–	14	18
Disposals	(59)	–	(28)	(87)
<b>At 31 March 2024</b>	<b>648</b>	<b>833</b>	<b>528</b>	<b>2,009</b>
<b>Depreciation</b>				
At 1 April 2023	536	634	480	1,650
Charged in year	95	134	29	258
Disposals	(58)	–	(25)	(83)
<b>At 31 March 2024</b>	<b>573</b>	<b>768</b>	<b>484</b>	<b>1,825</b>
<b>Carrying value</b>				
At 31 March 2023	167	199	62	428
<b>At 31 March 2024</b>	<b>75</b>	<b>65</b>	<b>44</b>	<b>184</b>

**2022/23**

	<b>Information technology</b>	<b>Leasehold improvements</b>	<b>Furniture and fittings</b>	<b>Total</b>
<b>Cost or valuation</b>				
At 1 April 2022	795	765	522	2,082
Additions	122	68	20	210
Disposals	(214)	–	–	(214)
<b>At 31 March 2023</b>	<b>703</b>	<b>833</b>	<b>542</b>	<b>2,078</b>
<b>Depreciation</b>				
At 1 April 2022	646	508	450	1,604
Charged in year	104	126	30	260
Disposals	(214)	–	–	(214)
<b>At 31 March 2023</b>	<b>536</b>	<b>634</b>	<b>480</b>	<b>1,650</b>
<b>Carrying value</b>				
<b>At 31 March 2022</b>	<b>149</b>	<b>257</b>	<b>72</b>	<b>478</b>
<b>At 31 March 2023</b>	<b>167</b>	<b>199</b>	<b>62</b>	<b>428</b>

## 5 Right of use asset

<b>Cost or valuation</b>	<b>2023/24</b>	<b>2022/23</b>
At 1 April	794	744
Additions	194	50
<b>At 31 March</b>	<b>988</b>	<b>794</b>
Depreciation		
At 1 April	466	218
Charged in year	370	248
<b>At 31 March</b>	<b>836</b>	<b>466</b>
<b>Carrying value</b>		
<b>Opening net book value</b>	328	526
<b>Closing net book value</b>	<b>152</b>	<b>328</b>

The right of use asset relates to the lease on the Birmingham office of OLC. The lease term is 10 years and the lease will mature in August 2024. OLC is in the process of negotiations with the landlord to renew the lease.

The maturity analysis for the lease can be found in Note 13: Commitments under leases.

## 6 Intangible assets

	Information technology	Software licences	Total
<b>Cost or valuation</b>			
At 1 April 2023	1,076	377	1,453
Additions	230	–	230
<b>At 31 March 2024</b>	<b>1,306</b>	<b>377</b>	<b>1,683</b>
<b>Amortisation</b>			
At 1 April 2023	1,009	373	1,382
Charged in year	27	3	30
<b>At 31 March 2024</b>	<b>1,036</b>	<b>376</b>	<b>1,412</b>
<b>Carrying value</b>			
<b>At 31 March 2023</b>	<b>67</b>	<b>4</b>	<b>71</b>
<b>At 31 March 2024</b>	<b>270</b>	<b>1</b>	<b>271</b>

## 2022/23

	Information technology	Software licences	Total
<b>Cost or valuation</b>			
At 1 April 2022	1,087	576	1,663
Additions	19	21	40
Disposals	(30)	(220)	(250)
<b>At 31 March 2023</b>	<b>1,076</b>	<b>377</b>	<b>1,453</b>
<b>Amortisation</b>			
At 1 April 2022	920	568	1,488
Charged in year	118	25	143
Disposals	(29)	(220)	(249)
<b>At 31 March 2023</b>	<b>1,009</b>	<b>373</b>	<b>1,382</b>
<b>Carrying value</b>			
At 31 March 2022	167	8	175
<b>At 31 March 2023</b>	<b>67</b>	<b>4</b>	<b>71</b>

## 7 Impairments

There were no impairments in 2023/24 (2022/23: none)

## 8 Trade receivables and other current assets

	31 March 2024	31 March 2023
	£'000	£'000
<b>Case fee receivables</b>	<b>166</b>	<b>156</b>
Provision for case fee receivables	(45)	(37)
	<b>121</b>	<b>119</b>
Other contract receivables	72	3
Other receivables		
Prepayments	370	189
Accrued Income	52	44
<b>Total</b>	<b>615</b>	<b>355</b>

## 9 Cash and cash equivalents

	31 March 2024	31 March 2023
	£'000	£'000
<b>Opening balance</b>	<b>18,758</b>	<b>18,616</b>
Net change in cash and cash equivalent balances	(407)	142
<b>Closing balance</b>	<b>18,351</b>	<b>18,758</b>
<b>The following balances were held:</b>		
Government Banking Services	18,351	18,758
<b>Total</b>	<b>18,351</b>	<b>18,758</b>

## 10 Trade payables and other current liabilities

	31 March 2024	31 March 2023
	£'000	£'000
Trade payables	269	246
Other payables	157	104
<b>Trade and other payables</b>	<b>426</b>	<b>350</b>
Intra-government balances		
Taxation	135	109
Social security	148	136
VAT	12	–
Intra group balances – MoJ	51	46
Accruals	529	849
	<b>875</b>	<b>1,140</b>
<b>Total</b>	<b>1,301</b>	<b>1,490</b>

## 11 Provisions for liabilities and charges

	Leasehold dilapidations	Other	Total provisions
	£'000	£'000	£'000
<b>Balance at 1 April 2022</b>	264	77	341
Provisions not required written back	–	30	30
Provisions utilised in the year	(3)	–	(3)
<b>Balance at 31 March 2023</b>	<b>261</b>	<b>107</b>	<b>368</b>
Provided in the year	194	–	194
Provisions not required written back	–	(79)	(79)
<b>Balance at 31 March 2024</b>	<b>455</b>	<b>28</b>	<b>483</b>
<b>Expected timing of cash flows</b>			
Not later than one year	455	28	483
<b>Balance at 31 March 2024</b>	<b>455</b>	<b>28</b>	<b>483</b>

Other provisions include judicial reviews and employment tribunals.

## 12 Capital commitments

Contracted capital commitments at 31 March 2024 not otherwise included in these financial statements amounted to nil (31 March 2023: nil).

## 13 Commitments under leases

	31 March 2024	31 March 2023
<b>Lease liabilities</b>		
Current	52	293
Non-current	0	52
<b>Lease liabilities recognised under IFRS16 as at 31 March</b>	<b>52</b>	<b>345</b>
<b>Maturity Analysis</b>		
2023/24	0	293
2024/25	52	52
	<b>52</b>	<b>345</b>

## **14 Contingent liabilities disclosed under IAS 37**

Given the nature of the Legal Ombudsman scheme it is inevitable that some of our ombudsman decisions will be challenged by way of judicial review. The OLC has a number of ongoing judicial review cases in the Administrative Court. The OLC has proceeded to defend all the judicial review matters and does not believe that these have a realistic prospect of success. A number of cases are ongoing in the administrative courts, which are not financially material.

## **15 Related-party transactions**

The OLC has a direct relationship with the LSB. The LSB has certain oversight responsibilities in relation to the OLC and its responsibilities to administer the scheme. Under the Legal Services Act 2007 the LSB is responsible for appointing and paying the salaries and expenses of the OLC Board members, which for the whole reporting period amounted to £141,000 for 2023/24 (2022/23: £141,000). The payment for salaries of the OLC Board members for 2023/24 was £125,000 (2022/23: £125,000).

No Board member, manager or other related party has undertaken any material transactions with the OLC during the year.

The OLC charges the MoJ for the use of part of our office space and charged £198,627 in 2023/24 for rent and service charges. There is an intra-group balance with MoJ of £50,785 representing the cost of self-insurance to the Legal Ombudsman scheme. This is presented in note 10.

## **16 Events after the reporting period**

In accordance with IAS10 (Events After the Reporting Period) events after the reporting period are considered up to the date on which the accounts are authorised for issue. These Financial Statements were authorised for issue by the Accounting Officer as at the date of the Certificate and Report of the Comptroller and Auditor General.

There were no post-reporting period events.

# Appendices

# Appendix 1: Regulatory objectives

Section 1(1) of the Legal Services Act 2007 outlines nine regulatory objectives. The Office for Legal Complaints contributed to these in 2023/24 as set out in the table below.

	Regulatory objective	How the OLC met the objective
<b>a</b>	Protecting and promoting the public interest.	Providing access to a quality dispute resolution scheme, guided by a robust quality framework and clear service principles.
<b>b</b>	Supporting the constitutional principle of the rule of law.	Promoting confidence in the legal system, and the standard of legal representation, by providing a safety net for legal service users.
<b>c</b>	Improving access to justice.	Discharging LeO's function of resolving complaints about legal service providers and feeding back to the profession to raise standards.
<b>d</b>	Protecting and promoting the interests of consumers.	Publishing reports and guidance and sharing best-practice that highlights specific issues and risks affecting consumers.
<b>e</b>	Promoting competition in the provision of services (provided by authorised persons).	<p>Publishing open data about the number and types of complaints resolved by LeO each year.</p> <p>Publishing details of all ombudsman decisions, including number of decisions made against service providers, and remedy types.</p>

	<b>Regulatory objective</b>	<b>How the OLC met the objective</b>
<b>f</b>	Encouraging an independent, strong, diverse, and effective legal profession.	<p>Promoting continuous professional development through sharing guidance and training on effective complaint handling.</p> <p>Publishing content and case studies to highlight on lessons learned from complaints.</p> <p>Regularly attending and speaking at relevant stakeholder events.</p>
<b>g</b>	Increasing public understanding of the citizen's legal rights and duties.	<p>Providing information and signposting through responding to enquiries and social media messages.</p> <p>Continuing to review and discuss the transparency of decision data with a view to increasing the availability of quality information for consumers.</p>
<b>h</b>	Promoting and maintaining adherence to the professional principles.	Making referrals to the relevant regulatory bodies where there may be evidence of professional misconduct.
<b>i</b>	Promoting the prevention and detection of economic crime.	Maintaining robust internal counter-fraud measures, and making referrals to the relevant regulatory bodies where there may be evidence of professional misconduct.

# Appendix 2: Service Complaints Adjudicator's Annual Report 2023/24

## Introduction

1. This report sets out a summary of the service complaints I have dealt with in 2023/24; the nature of the complaints, outcomes, and recommendations I have made, along with the LeO's responses.
2. This year has seen an increase in the number of complaints escalated to stage 3, however there has been a reduction in the proportion of stage 2 complaints that remain unresolved. Annex 1 provides the detail.
3. 17 cases have been referred to me (one was subsequently withdrawn), and I provide brief summary of the issues and my recommendations, alongside action taken by the LeO, in Annex 2\*. 13 complaints were brought by (or on behalf of) users of legal services, and three by service providers.

## Complaint Themes and Areas for Service Improvement

4. By way of context, I will note at the outset that complaints I see can date back up to two years, particularly where the complaint relates to issues which arose soon after the lawyer complaint was brought. This is because the lawyer complaint is usually concluded before the service complaints team are in a position to issue their stage 1 response, and as the board is aware from my previous reports, due to resourcing issues, the time taken for responses to be issued at both stage 1 and stage 2 have taken longer than the service would like.

5. As a result, some of the service complaints reaching me arise out of matters that the LeO has addressed. For example, I have seen complaints from customers arising out of understandable dissatisfaction that, having waiting over a year for their lawyer complaint to be assessed, it has then been dismissed without investigation. These complaints date from prior to the introduction of the Front-End-Team which reviews cases queued and identifies those which may not require a full investigation. So the LeO has already taken action to address the issue leading to frustration.
6. A similar example is prioritisation requests, and complaints that the service has been slow to deal with these. This is an area where I have upheld complaints, however again this is historic, as a new process for responding to such requests has already been introduced. It is positive that the LeO is identifying areas for service improvement, and proactively taking action to address them, before matters reach me.
7. A key focus in a number of the complaints escalated to me continues to be disagreement with the decision in the lawyer complaint. This is nothing new and is a driver for service complaints. Some customers seek to have lawyer complaints re-opened notwithstanding having been informed that this cannot be achieved through the service complaint process.

\* For privacy reasons, Annex 2 is not published alongside this Annual Report and Accounts

8. This year I have had six complainants who required adjustments due to disability or vulnerability. Some of their service complaints were that agreed reasonable adjustments had not always been acted on, or in one case, that a requested adjustment had been rejected without proper consideration (request to speak to an ombudsman). Whilst some of these complaints have been upheld, that has generally been where, due to oversight there was an isolated incident. For example, an email or letter was sent without the customer having been called. I am pleased to report that in the main, in the snapshot of cases I have seen, the LeO has been pro-active in asking customers who appear to be struggling to access the service whether the LeO can put anything in place to assist them, and then those requests are noted on the file and acted upon. I am aware that the LeO has worked to increase the number of Vulnerable Customer Champions, and that appears to have been valuable to a number of the complainants I have seen. Of course, those for whom the procedure has worked as intended will not come to me.
9. It is difficult to analyse, particularly on the small number of cases I see, whether the fact that I am seeing a notable proportion of service complaints from customers with additional needs is a positive or a negative. On the one hand, it could lead to the interpretation that the service does not meet the needs of these customers as well as it could. Alternatively, it could be viewed as a positive that the service has made itself accessible to these customers, and enabled their voices to be heard. I am aware from other complaints work I have done that there is perhaps greater concern when organisations appear not to get complaints from vulnerable customers, as that can indicate that such people simply cannot access the service or the complaints process.
10. As before, a minority of the matters escalated to me have been complaints from service providers. These were relatively minor service issues, that were in part driven by irritation that the LeO was investigating a complaint about them, or the distress of the complaint having been upheld.
11. Last year I reported that I was seeing cases that were not in fact service complaints, but which had been escalated as the service seemed to have nowhere else to send those customers. I am pleased to say that I have not had any such cases this year.
12. As previously, review of compensation was a common reason for escalation. Complainants did not believe that the compensation offered reflected the impact of the poor service. I in the main disagreed, and found that complainants were factoring in matters that resulted from the lawyers' service, or where of the view that they should be compensated, at an hourly rate, for the time they had spent engaging with the LeO.

13. Finally, whilst I have seen a number of cases where the Service Complaints (SC) Team has proactively included and upheld complaints that the customer experienced unreasonable delays in the service complaint process, I am aware that the team is now better resourced. There remains work to get through the backlog of service complaints, so the fruits of this recent recruitment will not be immediate, but it is anticipated that the number of customers who experience delays in getting their service complaint resolved will gradually reduce. Further detail as to progress to date is provided in Annex 1.
14. The SC Team continues to actively identify areas for learning and service improvement through the complaints process. I have found that where I have made recommendations, the issue has often already been noted, and work has been underway to bring service improvements.

### **Overall Impression**

15. I have been impressed by the open and transparent approach taken by the SC Team, and the fact that the service complaints process is used as a vehicle to drive service improvement. I have found the standard of investigation, both in identifying and clarifying service complaints, and the depth of the investigations, to be high.
16. An observation I made last year, that I encouraged the LeO to reflect on, is the number of stages in the service complaint process. The fact that there are three, or on occasion four stages (where initial concerns have been responded to by a Team Leader at 'stage 0') means that complainants who escalate their complaints to me are often weary and find the process to have been long and drawn out. I understand this remains under review.

**Susan Bradford**

Service Complaints Adjudicator

April 2024

## Annex 1

### Service complaint data – stages

Year	Number of complaints Stage 1	Number of complaints Stage 2	Percentage Stage 1 (response) to Stage 2	Number of complaints Stage 3	Percentage Stage 2 (response) to Stage 3
2019/20	164	51	31%	36	70.5%
2020/21	91	39	43%	23	59%
2021/22	99	28	28%	12	43%
2022/23	91 (86 responses issued)	30 (15 responses issued)	33%	11	37%
2023/24	95 (120 responses issued)	58 (45 responses issued)	48%	19	42%

1. Data is presented in a slightly different way for the last two years. Rather than escalation percentages being calculated on the number of complaints received, it is on the number of complaints responded to at stages 1 and 2. This is for two reasons, first because there are complaints received in on year that are responded to or escalated in the next, and secondly

it shows where progress has been made in reducing the backlog. Notably, significantly more stage 1 responses have been issued in 23/24 than complaints received. There has also been an increase in the proportion to complaints escalated to stage 2 this year, but a notable reduction in the proportion escalated to stage 3.

2. From the above, it can be seen that the number of service complaints received at stage 1 has remained in the region of the previous three years. The increase in the proportion escalated to stage 2 is in the context of a greater number of stage 1 responses having been issued. I have not identified any particular reason for this in my reviews of the earlier stages in the matters that reach me. Importantly I have not seen a reduction in the quality of stage 1 responses. The increase is likely to be a combination of factors, including the impact on customers of the increased wait times for service complaint responses. This often compounds dissatisfaction with the time for resolution of the lawyer complaint (following initial lengthy waits for investigation). Customers' expectations in terms of financial remedy is another. I have seen that the SC Team has made very fair offers in the hope of achieving resolution, but this has been unsuccessful, due to a mismatch between customer expectations, and reality of awards in line with the LeO's guidance. I am informed that the SC Team will be undertaking work to try to understand the reasons for ongoing dissatisfaction and hence escalation, in the next financial year.
3. I would apply the same analysis to the number of complaints escalated to me at stage 3. Indeed, I have often been of the view that I cannot add to what has been said before, and this is reflected in the proportion of cases where my recommendation has simply been to re-offer the compensation previously offered (see annex 2). The fact that I have seen a notable proportion of complaints brought by customers with vulnerabilities and additional needs, in some cases impacting on their ability to understand what the service complaint process can achieve, and what a realistic outcome may be, is also a contributory factor to the high escalation rate.
4. Going into 2024/25, the SC Team is focussing on its efforts on reducing the backlog of complaints at both stage 1 and stage 2. It is hoped that this, alongside increased internal quality checks will reduce the number of complaints escalated in due course.
5. Mrs Handley has been working with Team Leaders to improve the quality of stage 0 responses, with a view to this reducing the number of complaints received at stage 1.
6. I am informed that the SC Team has, over the last year, had a focus on acting on the information received through complaints. This is consistent with my experience, in that process had already been put in place (such as review of how prioritisation requests are dealt with) to resolve issue that come through to me in complaints. Data analysis has been improved through a switch of platform on which complaints data is recorded.

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