

Minutes of the 137th Meeting of the Office for Legal Complaints (OLC)

29 January 2025

Present Elisabeth Davies, OLC Chair Elaine Banton, OLC Georgina Philippou, OLC Rachel Cerfontyne, OLC Hari Punchihewa, OLC Alison Sansome, OLC Martin Spencer, OLC Patricia Tueje, OLC	In Attendance Paul McFadden, Chief Ombudsman Steve Pearson, Deputy Chief Ombudsman David Peckham, Head of Operations, Business Intelligence, Operational Transformation and Interim Head of IT Blessing Simango, Head of Finance, Procurement and IT Laura Stroppolo, Head of Programme Management and Assurance Mike Harris, Head of Communication, Engagement and Impact Debra Wright, Head of People Strategy and Services Sarah Gilbert, Strategic Engagement Manager - item 2 Mark Persard, EDI Manager - item 5
Minutes Kay Kershaw, Board Governance Manager	

Item 1 – Welcome, apologies and declarations of Interest.

1. The Chair welcomed attendees to the meeting and introductions took place.
2. There were no apologies.
3. The meeting was quorate with a lay majority.
4. There were no conflicts of interest reported.

Item 2 – 2025/26 Budget, Business Plan and Budget Acceptance Criteria

5. A paper reporting on proposed changes to the original budget and business plan and an updated 2025/26 Budget, Business Plan and Budget Acceptance Criteria (BAC) was presented by the Chief Ombudsman (CO). The Board's attention was drawn to the following key points:
 - In response to the consultation feedback, the Executive now proposed to pursue an inflationary increase to case fees, subject to formal consultation and relevant approvals, and an option to publish summary ombudsman decisions whilst continuing to consider the options for a phased approach towards publishing full decisions.
 - Further to the announcement of changes to employer National Insurance contributions in the Autumn Budget, which took place the day before the Budget and Business Plan consultation was published, the Executive had conducted a review to identify potential efficiencies that could be used to offset the additional costs. Savings, including from an

increased vacancy factor and a reduction to the transparency budget, had been identified to absorb 66% of the National Insurance increase.

- Other changes had been made to the budget, key assumptions and trajectories for complaint trends and resolutions based on quarter three 2024/25 performance data.
6. A verbal summary of the consultation responses was shared with the Board to provide context and rationale for some of the proposed changes. There had been broad support for the proposals set out in the 2025/26 Business Plan for both of the OLC's strategic objectives; some divided views on LeO's impact work and enhancing transparency through publishing decisions; and whilst there had been support for an inflationary increase in case fees, some respondents had considered the level set out in the original plan to be too steep.
 7. The Chair of the Performance Sub-Group (PSG) reported on a meeting that had taken place in January 2025 where the PSG had scrutinised and challenged the revised assumptions and trajectories underpinning the 2025/26 Budget and Business Plan, taking into consideration the impact of demand, internal promotions and sickness absence on operational performance. The PSG had considered two potential resourcing options and had endorsed an option to recruit an additional 13 FTE investigators to offset internal promotions; this would ensure operational resilience as LeO built capacity for the implementation of the transparency agenda.
 8. Recognising the importance of ensuring the right balance between the OLC's two strategic objectives the PSG Chair **confirmed** that the PSG had been content with the assumptions and trajectories underpinning the proposed 2025/26 Budget and Business Plan.
 9. The ARAC Chair reported that ARAC had considered whether its Budget Setting Assurance Principles had been fulfilled as part of the 2025/26 budget setting process at its meeting in January 2025. ARAC had been satisfied that consideration had been given to the consultation feedback; that the assumptions underpinning the 2025/26 budget had been properly validated and simulated to test their impact and identify any risks, and that the budget setting assurance process had been robust. Considering this, the ARAC Chair **confirmed** that ARAC's Budget Setting Assurance Principles had been fulfilled as part of the 2025/26 budget setting process.
 10. ARAC had recommended that additional 'what if' simulations were conducted as part of future budget setting processes.
 11. The Board sought to ensure that the proposed changes to the Budget and Business Plan, particularly those relating to case fees and enhancing transparency, had been based on the best options for the OLC/LeO in its current situation and had not been a compromise too far. In response, the CO **confirmed** that the Executive, after careful consideration, was comfortable with the proposed changes and satisfied they would not de-stabilise the 2025/26 Budget, Business Plan or the OLC's strategic objectives.
 12. Reflecting on the Budget, Business Plan and BAC documents, the Board suggested that reference to Value for Money could be more explicit if referenced under the headings of Efficiency, Effectiveness, Economy and Equity. The Executive **agreed** to give this further consideration.

ACTION: The Executive to consider referencing Value for Money more explicitly under the headings of Efficiency, Effectiveness, Economy and Equity in the Budget, Business Plan and BAC documents

13. The Board sought to understand the reasons underpinning the consultation responses that had been less supportive of the proposals for the learning and insight work and the further engagement that may take place with stakeholders in response to the feedback. The CO may have further discussions on this with members of the Board outside of the meeting.
14. The Board considered the Executive's proposal to pursue an inflationary increase in case fees as part of a wider consultation of case fee options in 2025/26. Recognising the importance of case fees for the sustainability of the OLC budget and in incentivising improvements in first tier complaints handling, it was suggested that further consideration was given to:
 - Strengthening the narrative in the Budget, Business Plan and BAC to reflect the imperative for a change in the level of case fee considering they have remained static since 2010.
 - More frequent reviews of case fees in the future to ensure better alignment to inflation.
 - Articulating the need for a potential longer-term increase in case fees if demand for LeO's service continued to be driven by poor first tier complaint handling.

ACTION: The Executive to update the Budget, Business Plan and BAC to reflect the Board's feedback on case fees.

15. The Board **noted** that engagement had commenced with the LSB and MoJ on the process for the formal case fee consultation and subsequent approval by the Lord Chancellor of any changes made to the case fee structure. LeO would seek to expedite this progress but, considering the number of stages involved, it was anticipated that the timeline for implementation of any changes could be up to, and potentially beyond, the end of 2025/26. A project plan and timeline would be shared with the Board at the earliest opportunity out of committee.
16. In response to a question, the CO clarified that the enhancing transparency agenda would initially focus on moving towards the publication of summary ombudsman decisions. Further consideration would be given mid-year 2025/26 to the viability of transitioning to the publication of full decisions and the resource required.
17. To ensure there was no risk of miscommunication, the Executive was asked to re-consider how it reported the FTE status of the additional investigator resource proposed in the 2025/26 Budget and BAC.

ACTION: The Executive to re-consider how the FTE status of the additional investigator resource proposed in the 2025/26 Budget and BAC was reported.

18. The Board thanked the Executive for the clear, well written paper and, following a detailed discussion:
 - **Noted** the update on the 2025/26 Budget and Business, consultation process and feedback.
 - **Approved** the 2025/26 Budget, Business Plan and BAC, subject to the amendment of typographical errors and amendments arising from the feedback provided at the meeting.
 - **Agreed** delegated authority to the OLC Chair for final sign off of the Budget, Business Plan and BAC.

19. The Executive would continue to engage with the LSB as the Budget, Business Plan and BAC were being finalised. The Budget and BAC would be submitted to the LSB at the end of February 2025 and considered by the LSB Board in March 2025.

ACTION: The Executive to share with the OLC Board final copies of the Budget and Business Plan once agreed with the OLC Chair.

Item 3 – Chief Ombudsman’s Report

20. The Chief Ombudsman (CO) presented a report updating the Board on activity and performance in quarter three across all areas of LeO’s strategic and operational focus. The following key points were made:

- Case resolution and performance remained high but increasing levels of demand, particularly demand for investigation which was 9.7% higher than the same period last year, continued to be a primary risk to overall customer experience.
- Work to resource and deliver the aims of the OLC’s impact objective continued to progress at pace. The first engagement with the Regulators to inform the development of model complaints handling best practice would be taking place in early February and the resourcing, processes and criteria for identifying suitable public interest decisions for publication was being reviewed and finalised.
- The Executive continued to closely monitor the underspend, which had increased slightly since it was reported to ARAC at the beginning of January. Mitigating actions continued to be taken to ensure that the budget variance remained within tolerance at year end.

21. In discussion, the Board was advised that the LSB had requested the inclusion of performance indicators on average time a customer waited in the queue and the average time it took for a case to be allocated to an investigator in the data set for the quarterly strategic scorecard. The data set and narrative for the quarterly strategic scorecard had been agreed by the MoJ and LSB. Additional performance indicators for upheld complaint rates; premature complaint rates; core demand; in-depth demand; and cases resolved within 730 and 540 days were to be included the data set in Q4 and in 2025/26.

22. The Board **noted** the Chief Ombudsman’s report.

Item 4 – Quarterly Integrated Performance Report and Balanced Scorecard

23. The Board reviewed the integrated performance scorecard for Q3 2024/25. In discussion the following points were made:

- The outcomes of a deep dive review of individual long-term and recurrent sickness absence cases were being considered by HR and LeO’s employment law solicitors to assess any further appropriate support and action.
- Sickness absence levels had reduced slightly with some staff returning to work after periods of long-term sick leave and some leaving the organisation.

- In line with discussions that had taken place at January's ARAC meeting, attrition had reduced from a strategic issue to a strategic risk. Attrition would continue to be closely monitored, and mitigating actions taken as required.
- A longer-term strategic risk relating to the Birmingham office move to the Government Property Agency (GPA) Birmingham hub in 2028 remained outside tolerance because of a delay by GPA in providing key information on costings based on the new hybrid working model. This risk would continue to be monitored by the Executive.
- To get the best value from the unoccupied space created in the Birmingham office following the implementation of the new hybrid working model, more collaborative working areas were being created along with a dedicated Executive meeting space.
- Case resolution performance remained high and on track to meet, or marginally exceed, the higher end of the 2024/25 business plan at year-end.
- Increasing levels of demand continued to be absorbed but this had an adverse impact on the pace at which the unallocated investigations queue and customer journey time could be reduced.
- Demand had been escalated from a strategic risk to a strategic issue.
- The OLC/LeO continued to do all that it could within its control to manage this strategic issue, which was a key focus of the strategic objectives set out in the OLC's 2025/26 Business Plan. In the absence of a statutory framework for compliance on complaint handling standards, OLC/ LeO was reliant on the support and co-operation of the legal sector and stakeholders to improve first tier complaints handling to drive down levels of demand.
- To gain a better understanding of LeO's data on the percentage of investigations that found poor first tier complaint handling, the Board suggested that there would be value in obtaining comparison benchmarking data from other Ombudsman schemes, particularly the Financial Ombudsman.

ACTION: The Executive to obtain comparison benchmarking data on the number of investigations undertaken by other Ombudsman services that had found poor first tier complaints handling.

- In response to the increase in demand for in-depth investigations, a review was being undertaken to ensure that opportunities for early case resolution were maximised. The Executive did not expect a rise in the number of cases taking over two years to resolve because of this increase in demand for in-depth investigations.
- LeO continued to push to resolve its oldest cases and improve customer journey times; the proportion of cases taking over two years to resolve had now reduced to less than 100 cases.
- Investigator case holdings had been adjusted to include a higher proportion of medium complexity cases, the majority of which were older cases. As a consequence of this, the performance indicator for the average time taken for a case to be allocated to an investigator was expected to increase in Q4 whilst the performance indicator for the average time a customer waited in the queue was expected to decrease.

- The underspend position was expected to reduce further before year-end as the Executive continued to implement mitigating actions to ensure that it remained within the agreed tolerance levels.
- Performance across the majority of quality and customer satisfaction metrics remained stable and within target in Q3. Whilst there had been an improvement in performance against quality standards in investigations, following the introduction of the new Quality Framework, this metric remained below target with further improvement required. The Executive would continue to monitor quality standards in investigations and report back to Board as part of Q4 performance reporting on the likely improvement trajectory for this metric.

ACTION: The Deputy Chief Ombudsman to report back to Board as part of Q4 performance reporting on the improvement trajectory for performance against quality standards in investigations.

24. The Board **noted** the update on the integrated performance report and balanced scorecard for Q3 2024/25.

Item 5 – Equality, Diversity and Inclusion Update

25. The Equality, Diversity and Inclusion (EDI) Manager reported on the progress that had been made on delivering the 2024/25 EDI strategy and action plan, drawing the Board's attention to the following key achievements and upcoming priorities:

- Eighty-six percent of the EDI action plan had been completed. All remaining activities, which included training for managers on autism in the workplace, vulnerable customer champion training for operational staff and some staff network events, were on track for completion by the end of the year.
- Following consultation with the appropriate Staff Networks, Staff Council and external organisations, a new Menopause Policy and Managing Unacceptable Behaviour Policy had been launched in Q3 along with new guidance on micro-aggressions.
- A review of the Welsh Language Scheme had been completed and sent to the Welsh Commissioner for feedback.
- Race Equality Week in February will focus on the theme 'every action counts' and staff will be invited to take part in daily challenges to raise awareness and reflect on.
- Social Mobility reporting for 2025 will be expanded to include all Ombudsman to gain a better understanding of the social and economic diversity of leaders at LeO.

26. The EDI Board Sponsor commented on the volume of work that had been involved in delivering the 2024/25 EDI action plan; the significant achievement of receiving a substantial rating in response to the internal of EDI; and the positive feedback from staff on LeO's inclusive culture and genuine commitment to EDI.

27. Recognising that everyone had protected characteristics, the Board discussed the importance of ensuring that all internal and external communications used fair and inclusive language; how the Staff Networks played an important role in ensuring safe spaces for staff to learn and become confident in using the constantly evolving language of EDI; and LeO's plans to develop a lexicon of EDI language.

28. The Board discussed the recent cancellation of EDI initiatives in the USA and the perceptions and potential implications for EDI in the UK, recognising that the UK operated within a different legislative and cultural framework. The Executive noted that LeO's commitment to EDI was firmly rooted in legislation, policy and Public Sector Duty, and that its EDI objectives were integral to and a key underpinning of OLC/LeO's strategy, operational performance and success. The Board concurred and asked that more be considered to highlight the centrality of EDI and people culture to LeO's strategy and link EDI improvements to operational performance.

ACTION: The EDI Manager to consider what more could be done to highlight the centrality of EDI and people culture to LeO's strategy and link EDI improvements to operational performance.

29. A framework for measuring the impact and success of the EDI action plan had been developed and an update on EDI performance against the action plan would be presented to the Board at its meeting in July.
30. LeO continued to focus on improving its EDI data and, in line with the OLC's strategic objectives, exploit opportunities to engage with the sector, including the regulators through dedicated EDI forums, to share learning and insight from investigations and customer surveys to help drive improvements in first tier complaints handling and reduce the number of silent sufferers.
31. A pre-Board meeting had taken place with the Co-Chairs of the Women's Network; this completed the 2024/25 cycle of pre-Board meetings with the Co-Chairs of LeO's staff networks.
32. Consideration was being given to setting up a Men's Network, with an over-arching focus on health and wellbeing as part of the 2025/26 EDI action plan deliverables.
33. Board members were keen to support EDI at LeO and, having sought to understand what more they could do, noted that staff valued the presence of Board members at Staff Network events and their contributions to EDI blogs. A forward plan of EDI events was to be collated and shared with Board.

ACTION: The EDI Manager to share a forward plan of staff network events with the Board.

34. The Board **noted** the EDI update.

Item 6– Transparency publications reports

35. Subject to one update, the Board **approved** the Q3 2024/25 Board member Register of Interests for publication.
36. The Board **approved** the Q3 2024/25 Ombudsman and Senior Manager Register of Interest for publication.
37. The Board **approved** the Gifts and Hospitality register for publication.
38. The Board **approved** the Q3 2024/25 Board member and senior manager's expenses report for publication.

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

Item 7 - Previous Minutes; previous actions and matters arising.

39. The minutes of the OLC Board meeting held on 18 December 2024 were **approved** for accuracy and **approved** for publication.
40. The minutes of the ARAC meeting held on 14 October 2024 were **approved** for publication.

ACTION: The Board Governance Manager to arrange for the minutes of the Board meeting held on 18 December 2024 and the minutes of the ARAC meeting held on 14 October 2024 to be published.

41. The RemCo Chair's written report on November's RemCo meeting had been issued to the Board on 28 January 2025; this had completed action 3 para 14 from December's Board meeting.
42. The Board **noted** the update on the actions from previous Board meetings.
43. The Board ratified a unanimous decision made out of committee in January 2025 to approve the appointment of three ombudsmen on secondment in line with the Chief Ombudsman's recommendation.

Item 8 - Board Paper Redactions and Non-Disclosure Report.

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

ACTION: The Board Governance Manager to publish the January Board papers in line with the redactions and items for non-disclosure approved by the Board.

Item 9 – Board Effectiveness

45. Hari Punchihewa and Laura Stroppolo were appointed strategy champions for this meeting and provided feedback on which session had worked well strategically and why; which paper had been the most useful strategically and why; and where there was learning and value in doing things differently in the future to occupy a more strategic space. The following points were made:
- The best session strategically had been on the Budget, Business Plan and BAC. The effective collaboration that had taken place between the Board and Executive in developing the strategic plans and documents had been evident in this session with the Board's questions focussed more on points of clarification rather than on substantive matters.
 - The best paper strategically had been the Budget, Business Plan and BAC and CO report. The CO report had provided the right balance of updates against the business plan and the strategic objectives, which in turn had minimised any duplication with the strategic scorecard.
 - It was evident that the improvements made in response to the findings of the external Board effectiveness had ensured that Board meeting agendas and papers were now more strategically focussed.

- To occupy a more strategic space there would be value and learning in further consideration being given to allocating more agenda time for the Board to discuss its strategic approach towards learning and insight and case fees considering the views expressed in response to the consultation.
- To occupy a more strategic space, there would also be value and learning in allocating more agenda time for the Board to strategically focus on other OLC strategies including IT, AI and property strategies.
- Overall, this had been an effective meeting and the Board's attention to detail and constructive challenge in the spirit of partnership had been evident.

10– Any other business

46. There was no other business.