

Meeting	OLC Board	Agenda Item No. Paper No.	7 120.5
Date of meeting	26 May 2022	Time required	10 mins

Title	Annual Report & Accounts
Sponsor	Laura Stroppolo (Head of Programme Management & Assurance)
Status	OFFICIAL
To be communicated to:	OLC Board

Executive summary
<p>The Board is invited to share feedback on the draft OLC Annual Report and Accounts (ARA) for 2021/22.</p> <p>ARA content and structure</p> <p>The draft ARA incorporates commentary received from the executive team, as well as feedback from the OLC Chair. The narrative aligns with other performance reporting carried out during the year, and will be reviewed to ensure its accuracy as close as possible to the publication date.</p> <p>The ARA is structured in line with requirements of the FReM - specifically:</p> <ul style="list-style-type: none"> • The Performance Report sets out the strategic framework for the OLC and LeO's activities during the year, and comprises both a performance overview and more detailed performance analysis section (the FReM is clear that the overview should be enough on its own to provide a picture of performance, while linking to content elsewhere in the ARA). Although a wider set of performance indicators are reported on in the ARA as a whole, the performance overview includes LeO's performance against the KPIs that were published in the 2021/22 Business Plan. The Board will note that, in line with their feedback, this year's ARA gives a substantive update on our progress around EDI. • The Accountability Report is made up of the corporate governance report, remuneration and staff report, and Parliamentary accountability and audit report. It includes the governance statement, which has formed the basis of a separate submission to the MoJ, details of the activities of the Board and its committees, and during the year. • The Financial Statements.

Parts of the ARA that are primarily the responsibility of the finance team are maintained separately for version control reasons, and attached as separate documents to the main front-end report.

We are still waiting for a limited amount of data, and have indicated in the draft where this is the case.

Sustainability reporting

We have recently clarified that we fall under the scope of new mandatory sustainability reporting requirements. At the time of drafting we are working to gather the information we need to meet the requirements, and will explain in the report if there is a reason why we don't hold the information this year.

ARA design

The Board is also invited to share feedback on the attached sample graphics, which reflect our intention to present performance-related information in a visually engaging way. The Chair has already fed back that volume of wording might be reduced, and/or the white space increased; this has not yet been actioned due to staff leave, but further comments are welcome in the meantime.

Process

The milestone report is attached as Appendix A

Recommendation/action required

Board is asked to **comment and feedback** on the paper

The Office for Legal Complaints

Annual Report and Accounts for the year ending 31 March 2022

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

Ordered by the House of Commons to be printed on
X July 2022

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Version log

Version	Date	Summary of changes	Actioned by
0.1	5/5/2022	First draft created	Stephanie Godbold
0.2	12/5/22	Draft created for Chair review	Stephanie Godbold
0.3	20/5/22	New version for Board review, incorporating Chair's feedback	Stephanie Godbold

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1 Performance Report

This Performance Report sets out how far the Legal Ombudsman met its strategic objectives and business plan priorities in 2021/22, including performance against its key performance indicators and the risks it managed during the year. It also details activities relating to LeO's people, highlights work around equality, diversity and inclusion, and provides updates on other areas such as environmental performance and data security.

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1.1 Performance at a glance

Case closures	6,565 case closures	LeO closed 40% more cases than 2020/21. This represents 93% of the Business Plan assumption, with only 85% of the FTE established resource required to deliver against this trajectory.
	9% increase in Q3 and Q4	This includes a significant increase in the monthly average across Q4 of 662 per month, and a significant increase in March 2022 to 836 case closures, a record high for LeO.
	X% closed at investigation stage and X% at decision	This varied across different areas of law, from X in X to X in X.
Pre-Assessment Pool (PAP)	5,863 at 31 March 2022	The PAP began to reduce in Q4 and is now on course to reduce on a sustained basis. By the end of 2022/23 it will have reduced by nearly 50%.
Investigation times	13% reduction in average low complexity investigation times	87 days - a 13-day reduction on 2020/21 (100 days)
Customer journey times (early resolution)	66% shorter for low complexity cases	LeO's first full month average indication showed an average time of 37 days to resolve an early resolution case from the point that all necessary paperwork had been received.
Overall investigator Productivity	7.9 closures-monthly average	This related to the first full month combined figure for established BAU investigator productivity and early resolution productivity. This includes a 26.8% increase in BAU investigator productivity between the start and end of 2021/22 (excluding early resolution cases).
Early resolution investigator productivity	13.6 average closures per investigator per month	This significant difference shows the positive impact that early resolution initiatives are having on overall productivity and case closures.
Investigator case holdings	16.2 average closures per investigator per month	LeO delivered on the need to do more with less. This is compared to an investigator case holding of 13.57 in 2020/21, representing an 18.8% increase.
Number of high complexity cases	2% of caseload at 1 April 2021	Complex cases have a substantially longer journey time with LeO overall, though have significantly reduced in number.

Commented [SG1]: Tbc

Commented [SG2]: This relates to testing in Jan and we will get more recent figures.

	1% at 31 March 2022	
Early resolution initiatives (see page X)		
Front end team	1,230 front end initiative closures	This was 36% more than anticipated.
	3,240 case closures estimated in 2022/23	Based on testing, approximately 46% of new incoming cases are suitable for early resolution, as well as another 39% of cases already in the PAP.
Reasonable Offer Made (pilot)	90% resulted in closure	The success of the pilots meant that these pilots, together with 'nudge' approach, became business as usual activities in October 2021.
Guided Negotiation (pilot)	77% resulted in closure	
Recruitment and retention (see page X)		
Attrition rate	2.38 average per month	Of the operations leavers 2021/22, 27% were 'non-regretted' due to performance issues.
Staff levels	85%	LeO was under-resourced by an average of 15% against Business Plan assumptions due to significant challenges in the UK recruitment market.
Budget (see page X)		
Forecast underspend	£779,000	The majority of the underspend for 2021/22 was due to recruitment challenges throughout the year. This underspend reduced the levy LeO invoiced to the legal sector.
Learning and insight (see page X)		
Sharing experience to prevent complaints	6 professional learning courses and 16 best-practice engagement activities	LeO continued to provide tailored support to legal service providers aimed at preventing complaints escalating or arising in the first place. LeO built on last year's primarily online engagement with a mix of online and in-person opportunities.
	X thematic reports and new pieces of guidance published	
	Technical advice service launched	

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1.2 Foreword from the Chair of the Office for Legal Complaints

Elisabeth Davies | Chair, Office for Legal Complaints

A fundamental shift in LeO's outlook

When I became Chair of the Office for Legal Complaints (OLC) in April 2020, I set myself three priorities centred on building confidence in the Legal Ombudsman (LeO).

Just more than a year later, at the point we published our 2020/21 Annual Report and Accounts, I reported that there had been tentative progress. Ultimately, however, in terms of numbers, 2020/21 had been difficult and had not resulted in improvements for customers. This was affecting only confidence in LeO, but credibility within the sector, the trust of complainants, and the OLC's ability to have conversations about LeO's accountability and fit within the wider regulatory framework.

While a new Chief Ombudsman and Chief Operating Officer, having only joined in the final quarter of the year, had already brought welcome fresh leadership and thinking, the impact of Covid-19 was still being felt by those seeking LeO's help in the form of a substantial backlog of cases waiting for LeO's intervention.

This backlog continued to affect not only confidence in LeO, but credibility within the sector, the trust of complainants, and the OLC's ability to have conversations about LeO's accountability and fit within the wider regulatory framework.

In light of the extremely challenging backdrop against which the 2021/22 year began, the progress highlighted in this Annual Report and Accounts is all the more significant. While the OLC Board are in no doubt about the scale of the challenges ahead, the outlook for LeO has now fundamentally shifted.

Going further – thinking differently

In response to our 2021/22 Business Plan and Budget consultation, we had heard loud and clear from stakeholders that we needed to go further: making better use of resources, committing to doing things differently, and focusing as an absolute priority on bringing down waiting times.

Recognising this, the theme of my introduction to the Business Plan was "listening and adapting". LeO's final plan put greater emphasis on supporting existing staff to increase

performance and productivity, through simplifying ways of working and doing things differently – with a clear pathway to reducing the backlog.

It committed to establishing better and more regular forums of accountability. This lay at the heart of the new agreement and working relationship that needed to be established between the OLC and LeO and the legal sector.

Twelve months on, as the Chief Ombudsman sets out in his introduction, LeO has taken significant steps forward. This progress isn't only in terms of performance delivery, but extends to the wider management and leadership of LeO and the corporate functions that are critical enablers of everything it does. Indeed, performance improvements have only been possible because of this progress, and the greater stability and oversight it has brought.

Neither the OLC nor LeO are the slightest bit complacent about the task ahead of us. It is disappointing to end the year with high numbers of cases still waiting for LeO's intervention. Neither the OLC nor LeO are the slightest bit complacent about the task ahead of us in the months ahead. However, the front-line initiatives that have been developed and put into practice, together with the many innovations and improvements generated by LeO's people, are having a tangible impact on the experience of those using the scheme.

By taking a different approach to resourcing – in particular, realising the benefits of national recruitment and flexible working – LeO has finally unlocked the resourcing challenge that had for so long limited its ability to make headway into the backlog.

LeO has also answered the sector's call to think radically, doing everything within its control. Significant effort was invested from the outset in developing new ways of working, making LeO's service more proportionate and flexible. These will be supported by changes put in train to the Scheme Rules, which will mean those relying on LeO's intervention can get that input when it really matters. A new hub has been piloted in Cardiff: an approach that will mean LeO has greater access to the people and skills it needs in the longer term.

Given that LeO's people are key to its success, it is essential that there has been a substantial improvement in how staff rate LeO's leadership and the way change is managed.

Ambition, credibility and confidence

Throughout LeO's recovery journey, I've talked about the need to avoid overpromising and underdelivering – striking the difficult balance between being ambitious about what LeO can achieve, and setting plans that are credible and realistic.

Throughout 2021/22, the OLC has rigorously tested the assumptions and forecasts on which LeO's decisions have been based, and expected a proactive approach to managing the risks

inherent in delivering this type of transformation. I am grateful both for the constructive challenge the Board has provided throughout the year, and for the positive way LeO's leadership has engaged with this.

It is a good sign that this Annual Report and Accounts contains very little that will come as news to LeO's stakeholders. The substantive update provided mid-way through the year, taken together with the ongoing dialogue with LeO's newly-formed Challenge and Advisory Group, speak to the radical approach LeO has taken not only to transforming how it works, but to the transparency with which it does so.

Looking ahead: A consistent and effective Legal Ombudsman

As OLC Chair, I have seen a marked difference in tone between the conversations we were having a year ago with stakeholders and about their confidence in the Legal Ombudsman.

Taken together, LeO's willingness to change, the progress it has made, and the openness with which it has worked, have made a profound difference. As we look ahead to this second recovery year, there are clear and consistent signs that LeO is on the path to a sustainable level of good performance and quality service – one which meets the needs and expectations of both users and providers of legal services.

This really matters. Legal services occupy a uniquely important part in our lives: accessed at the point of significant transitions or transactions with potentially life-changing consequences. It should be taken for granted that the Legal Ombudsman is ready and able to resolve individual complaints fairly and as quickly as possible. And more broadly, that it is a trusted voice in the sector, playing a full and active part in improving legal services for all.

2021/22 marks a turning point, and everyone at LeO should be proud of the part they have played – thank you. While there is still a long way to go, I look forward to sharing what more has been and will be achieved.

1.3 Performance overview

Report from the Chief Ombudsman

“We do not underestimate the scale of the challenge we face or the uncertainty remaining over the coming year. I am acutely aware, however, of the impact delays in our service are having on complainants who are currently unable to access their right to timely, effective redress and I am determined to address this as a matter of urgency.” – Chief Ombudsman’s foreword to 2021/22 Business Plan, March 2021

When I introduced our 2021/22 Business Plan and Budget at the beginning of the year, I was in no doubt about the scale of the challenges the Legal Ombudsman was facing. I was also in no doubt that only sustained, improved performance would provide confidence in our ability to transform LeO and build support for our future plans.

In that Business Plan we made four commitments that would cut across all LeO’s work in the year ahead. A year on, it’s helpful to reflect on how far we have delivered on these.

A commitment to change

It was abundantly clear that LeO needed to change. We said our plan and budget would move LeO toward being a high-performing organisation: able to keep pace with demand, deliver improved customer experience, and provide effective learning and insight to the legal sector.

I am very pleased so say that 2021/22 has been the year LeO got back on a stable footing. We have addressed challenges head-on, taking radical action where it was the right thing to do. While our journey is far from over, those relying on LeO have begun to feel the benefit of our investment in people, proportionality and early resolution and innovation.

It wasn’t always clear this would be the case. LeO began the year facing the substantial challenge of a recruitment market in which we were not successfully competing, coupled with high levels of attrition. This significantly challenged our ability to deliver the required increase in operational staff we had set out to achieve to deliver our business plan forecasts. This led to us operating across the year with only 85 % of the FTE established resource required.

However, as this Annual Report sets out in more depth, our shift to national recruitment changed the outlook – with a strategy for national hubs now in train. We’ve started 2022/23 with a full complement of investigators, and a stronger and reinvigorated workforce throughout LeO.

Getting the people we needed in place was just one key aspect of change. We’ve also delivered on our promise to do everything else in our power to improve LeO’s performance.

Central to this has been trusting LeO's people as the experts who could make a difference, considering all ideas put forward and testing them robustly to ensure we progressed those with most potential.

Taken together, these front-line initiatives and innovations have already delivered substantial improvements. Many things that were tentative ideas a few months ago are now simply how we do things at LeO.

We have also progressed, with pace and urgency, wider changes to how LeO works – most notably by consulting on changes to our Scheme Rules. The proposed changes, to be presented to the LSB Board in July, are significant and radical and will make LeO's handling of complaints more timely, efficient and proportionate. They will enable us to further improve customers' overall experience, simplifying their journey and reducing the size of the backlog.

Overall, we have made substantial progress toward rebalancing our approach to resolving complaints – giving people the right answer at the right time – with the foundation laid for more in the months ahead.

A commitment to reduce the backlog

As a critical early priority, we committed to implementing an immediate recovery and improvement plan, to identify a clear path to reducing the backlog. We approached this task with energy from the outset, with an organisation-wide effort to generate new ways of working and efficiencies that would come together to deliver for those waiting for LeO's help .

I'm proud of what our people delivered despite the significant resourcing and recruitment challenges we encountered. To be clear, LeO did not quite achieve the targets we set. We have been open about the reason why: despite our ambition to resolve more complaints, we simply could not make the full headway we aimed to without the resource we needed. This resourcing challenge also resulted in the underspend highlighted in this report.

However, we've made huge strides and a step-change in performance. We achieved a 39% increase in output on 2020/21 levels, resolving 93% of the cases we forecast with an average of 85% of the established investigator resource on which our forecasts were based, w.

What's more, we saw a profound difference between before and after we unlocked our recruitment challenge. For the whole of the second half of the year, we started to make the substantial improvement we needed to see, consistently meeting or going beyond our targets for resolving complaints.

In March 2022 we reached the highest performance levels LeO has achieved, certainly since its modernisation a number of years ago, resolving 852 cases in one month alone. When you compare this to the monthly average performance of 392 across 2020/21, you begin to get a sense of the stabilisation and momentum that has been achieved.

Across the year we resolved over 1,200 complaints through new early resolution approaches: 36% more than originally expected, and against a very low baseline historically for LeO. There has also been a substantial reduction in customer journey times for customers whose cases are resolved through these approaches – 66% shorter for low complexity cases which account for the majority of LeO’s work.

The action we’ve taken has already made a profound difference to individual users and providers of legal services. This Annual Report shares some examples of what our commitment has made possible. There is more work to be done but we have provided an excellent basis for further significant progress.

This means we end 2021/22 looking forward with confidence and a sense of real momentum. . The volume of cases in our front-end queue is reducing: we are on course to halve the number of cases waiting by March 2023, and to reach an average 90-day turnaround for most of LeO’s cases in 2024/25.

A commitment to being transparent and accountable for delivery

“We recognise that certainty is key to building confidence. We will be accountable for our progress and are committed to maintaining an open dialogue about our performance.” – Chief Ombudsman’s foreword to 2021/22 Business Plan, March 2021

A key ongoing challenge for LeO has been setting plans that are ambitious enough to convey the scale of improvement required, while also credible enough to give stakeholders the confidence that we can achieve them.

We also committed to being accountable for performance and progress against our 2021/22 Business Plan. We said maintaining open dialogue with all stakeholders about progress would be central to this.

We have delivered on our commitment to sharing updates on our recovery, through regular open and transparent stakeholder engagement throughout the year and establishing a Challenge and Advisory Group, which has been an invaluable forum for honest two-way feedback. As promised, we provided a substantive update on our performance mid-way through the year, openly taking stock of our performance and allowing stakeholders to factor this into our discussions and consultation on our forward plans.

We have also been accountable for how we use the funding we receive. In our focus on making process improvements across LeO, and in every financial decision we’ve made, we’ve shown our commitment to generating savings and efficiencies in light of significant inflationary pressures. The underspend we experienced in 2021/22, relating to our difficulties recruiting, was far from ideal. We have, however, shown the importance we place on ensuring this won’t be repeated – and importantly, it represented a saving for legal service providers who pay for LeO.

Being transparent is also about sharing insight from the complaints we resolve, ensuring lessons from past complaints help prevent future complaints and consumer detriment. While turning round LeO's operational performance, we continued to deliver this essential part of an ombudsman's work. This ranged from thematic reports, complaints data and analysis of themes, publishing new guidance on our website, to discussing complaint trends with legal sector representatives face-to-face.

As the Chair has reflected in her own foreword, at the beginning of 2021/22 confidence in LeO was far from where it needed to be. As we begin 2022/23, I am cautiously optimistic about where those confidence levels are now. While not at all complacent about the work required to maintain and build on this, it's clear we have achieved stability and have provided the base for further progress towards sustainable improvement. There has been a turning point.

A commitment to our people

Finally, though by no means least importantly, we made a commitment to LeO's people. We said that meaningful staff engagement and a cultural shift in ways of working would be at the heart of LeO's recovery and sustained improvement. Developing an inclusive and diverse workforce would move LeO toward being a great place to work.

Since joining LeO in January 2021, I have made it a priority for LeO to be open to listening, learning and changing – laying the foundations to be an excellent employer.

As I've outlined, by listening to LeO's people, their ideas have been front and centre of the progress we've made in resolving more complaints at an early stage. But our commitment goes beyond this, to how we want people to feel about working for LeO.

As this Annual Report highlights, in 2021/22 we've learnt from the attrition we've experienced, taking action to ensure people are supported to stay with us and perform at their best. We've learned from what we've been through during the Covid-19 pandemic, including the impact on wellbeing and the need for flexibility.

We understand that our approach to setting standards and managing performance has been a contributory factor to attrition. We won't shy away from what's needed to reach the levels of performance we need to see. But we'll always do this in a way which is fair and in the interests of LeO, our customers and our people as a whole.

While I'm pleased that our staff survey rating of leadership and managing change has risen from pre-pandemic levels, this is another area where there's no room for complacency. As with our stakeholders' confidence, I'm committed to maintaining this progress and going further.

During the year our staff-led networks, representing the different backgrounds and communities of our people across LeO, have continued to promote understanding and celebrate both difference and shared experience. And we've made a further significant investment in equality, diversity and inclusion, appointing a dedicated EDI manager and developing a strategy for improvement.

Outlook

A lot of progress has still to be made and I do not underestimate the challenges that remain to get LeO to an acceptable level of performance. I fully accept the difficulties for many of our customers who continue to experience significant wait times. But it was always clear that the performance and resourcing challenges that LeO faced and brought into 2021/22 were on a significant scale.

I welcome the progress reflected in this Annual Report and Accounts, and the commitment and sheer hard work of our people that has made it happen. There is no complacency, but the foundations we have laid in 2021/22 have put LeO in a far stronger position to achieve our future aims for our customers – including the second recovery year we've recently begun.

Although we are realistic about the challenges ahead, we are on the path, and committed, to becoming a trusted, sustainable Legal Ombudsman providing a high level of quality service. One that plays a vital role in helping the legal sector itself thrive, so consumers have confidence they can rely on it when it really matters.

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About the Legal Ombudsman and its strategic framework

The Legal Services Act 2007 (the Act) established the Legal Ombudsman scheme (LeO) and the Office for Legal Complaints (OLC) to administer it. 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).

There is more information about the governance and management of LeO in the section "X" on page X.

The Legal Ombudsman's primary role is to resolve complaints between providers of legal services and their customers, which haven't been resolved to the customers' satisfaction. This includes complaints about the majority of legal services provided in England and Wales. There are certain rules and limits that might mean LeO can't or isn't the right organisation to help. These are set out on LeO's website [link].

Vision: Our work builds genuine confidence in legal services in England and Wales

Mission: To be an independent and impartial ombudsman service providing reassurance and redress while constructively challenging the legal sector

Strategic objectives

1. Improving the experience of our service for complainants and service providers while using our expertise to guide and add value to the complaints journey.
2. Developing our service to ensure it is appropriate for the evolving legal sector.
3. Increasing the transparency and impact of our casework to support greater access to justice.

2021/22 Business Plan priorities

1. Support existing staff to increase performance and productivity.
2. Identify innovation opportunities that speed up the complaints process.
3. Focus learning and insight work on providers who require support to prevent and resolve complaints.

The Legal Ombudsman's Business Plan for 2021/22 was delivered within the context of a wider strategic framework: the second year of the 2020-23 corporate strategy period. In 2022/23 a new Strategy for LeO will be developed, providing a clear framework focused on our key aims of sustainability, continuous improvement, and providing a high standard of quality service to all of our customers .

The current strategic framework was set when it was already clear a backlog of cases was developing at the front end of the Legal Ombudsman's service. The strategy sought to reduce this backlog in a number of ways: reducing the time it takes to resolve a complaint,

ensuring the approach identifies those cases where an investigation can make a difference, and looking at ways in which the service can be delivered differently, either through alternative dispute resolution models or the use of technology.

The strategy also recognised the need to invest in both policy and learning and insight work, using the experience from casework to drive improvements in the sector and increase service providers' ability to resolve complaints themselves.

During 2021/22 significant progress was made in making LeO a more proportionate Ombudsman service, rebalancing LeO's approach towards earlier resolution – to help reduce waiting times and expedite decisions and outcomes at an earlier point where that was appropriate. There is more information about this later in this annual report. The graphics below show the operating model in place at the beginning of the year, and the process that had been moved toward by the end of March 2022.

Graphics: The Legal Ombudsman process – start of 2021/22

The Legal Ombudsman process – greater proportionality and early resolution

2021/22 Business Plan priorities

“The Business Plan for 2021/22 is designed to develop confidence in the Legal Ombudsman’s ability to deliver improved performance and to lay the foundations for sustainable change to be delivered during this strategy period.” 2021/22 Business Plan

The Business Priorities for 2020/21 were largely developed before the Covid-19 pandemic. As summarised in last year's annual report and accounts, by the end of the year, the clearest impact of the pandemic was the doubling of cases at the pre-assessment stage – that is, the number of consumers and legal service providers waiting for LeO to investigate their complaints. In recognition of this, the Legal Ombudsman's 2021/22 Business Plan put reducing the backlog and speeding up the complaints process as critical and central priorities.

In January 2021, following consultation on the 2021/22 Business Plan, a new Chief Ombudsman and Chief Operating Officer joined LeO. The final business plan reflected the executive team's focus on stabilising performance and laying the foundations for a thriving Legal Ombudsman. The full [2021/22 Business Plan](#) is available on the Legal Ombudsman's website.

The rest of this overview summarises LeO's performance, setting out the progress made against each element of the 2021/22 plan. The analysis from page X then provides more detail and context around this performance.

Key performance indicators

In 2021/22 the Legal Ombudsman maintained its existing key performance indicators, which provide a snapshot of its operations. For a full picture of LeO's performance, they should be read alongside the performance information on page X and the detail from page X to page X about how far LeO delivered on each of its Business Plan priorities.

1. Customer experience and quality			
Description	Actual 2020/21	Target 2021/22	Actual 2021/22
<p>Reasonable outcome</p> <p><i>Internal quality measure asking whether the outcome of a communication, investigation, or decision was fair and reasonable</i></p>	<p>GET - 91%</p> <p>Investigator - 97%</p> <p>Ombudsman - 97%</p>	<p>95%</p>	<p>GET - 88%</p> <p>Investigator - 93%</p> <p>Ombudsman - 97%</p>
<p>Customer journey</p> <p><i>The end-to-end customer journey time experienced by customers who have had a file closed or resolved each month</i></p>	<p>Average time in days at March 2021: Low: 285 Medium: 372 High: 616</p>	<p>80% of low complexity complaints resolved in 325 days</p> <p>80% of medium complexity complaints resolved in 500 days</p> <p>80% of high complexity complaints resolved in 500 days</p>	<p>65% of low complexity complaints resolved in 325 days</p> <p>63% of medium complexity complaints resolved in 500 days</p> <p>16% of high complexity complaints resolved in 500 days</p> <p>Year-end customer journey (Mar 22) Low complexity – 222 days Medium complexity 399 day</p>

			High complexity 632 days In-year average Low complexity – 379 days Medium complexity 537 days High complexity 759 days All complexities 420 days
Customer satisfaction <i>The level of satisfaction with our service at the end of the process</i>	Satisfied: Consumer 92%; provider 86% (target: 85%) Dissatisfied: Consumer 11%; provider 16% (target: 15%)	85% for those satisfied with the outcome 12% for those dissatisfied with the outcome	Due 27 May
Volume of cases awaiting assessment <i>Cases in the PAP at 1 April each year</i>	4,829	4,696	5,862

2. Raising professional standards			
Description	Actual 2020/21	Target 2021/22	Actual 2021/22
Rating of our training and resources <i>Annual measure of the views of service providers who have had a complaint investigated about whether LeO provides useful and relevant resources</i>	Guidance – relevant 75%, useful 77% Training – relevant 60%, useful 65%	80%	TBC later in May – from Sian

<p>Satisfaction with our learning and insight sharing</p> <p><i>Annual measure of the views of approved regulators and professional bodies as to whether LeO has effectively shared learning and insights over the last 12 months</i></p>	<p>Agree with have effectively shared learning/insights with: Them – 73% Service providers generally – 73%</p>	<p>80%</p>	<p>Agree with have effectively shared learning/insights with: Them – 90% Service providers generally – 90%</p>
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3. Efficiency and resilience

Description	Actual 2020/21	Target 2021/22	Actual 2021/22
<p>Unit cost</p> <p><i>Monthly average cost, looking at the number of cases resolved by quarter against our costs for the quarter.</i></p>	<p>£1,413</p>	<p>Monitored only</p>	<p>£2,560</p>

4. People and Culture

Description	Actual 2020/21	Target 2021/22	Actual 2021/22
<p>Quarterly and rolling turnover rate</p> <p><i>Total voluntary leavers for the past 12 months, as a percentage of the average total permanent</i></p>	<p>9.9%</p>	<p>18%</p>	<p>22.4%</p>

headcount for the period.			
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Summary of strategic risks and issues

Recognising the risks inherent in delivering a wide-scale performance improvement plan, the Legal Ombudsman actively identified, monitored and managed risks and potential issues that could impact the delivery of its priorities and objectives. There is a full description of the action taken from pages X to X. The wider governance and risk-management framework is detailed from pages X to X.

Commented [SG4]: FReM requirement to summarise risks in the performance overview

Strategic risk or issue	Strategic objective	Q4 vs Q1
SI01: There is currently a substantial backlog of cases waiting to be worked (pre-assessment pool) causing significant delays to decision times	1, 2	↓
SI02: We are currently outside of a tolerable position with regards to budget spend (financial underspend)	1	↑ New issue added in Q3
SI03: Inability to attract, engage, mobilise and retain the right talent, skills at all levels and embed the desired culture	1, 3	↑ Changed from risk to issue in Q3
SR01: Failure to deliver against required performance trajectory and consequent loss of credibility and confidence in LeO's ability to deliver the scheme effectively in the long term.	1, 2, 3	↓
SR02: Failure to effectively manage and implement transformational change	1, 3	↓
SR03: Covid-19 evolution – lack of resilience, agility to deliver our service	1	↓
SR04: The framework of governance, risk management and control is not sufficiently robust to support the delivery of objectives	1, 2, 3	↓ Changed from issue to risk in Q3

1.4 Performance analysis

Delivery against the Business Plan

“This last year has been about stabilising and starting to rebuild confidence, but next year must be about delivering improvement at pace.”

Elisabeth Davis, OLC Chair, 2021/22 Business Plan foreword

Through sustained focus on transforming LeO into a more proportionate, agile service, in 2021/22 the outlook for the Legal Ombudsman’s performance has shifted considerably. Improvement increased across the year, with particularly strong progress in the final quarter. This sees LeO at the required level of performance and set to deliver its sustained upward trajectory across 2022/23.

The chart below highlights the step-change there has been in LeO’s performance since 2020, including both higher levels of case resolutions and an increasing proportion of cases resolved at an earlier stage.

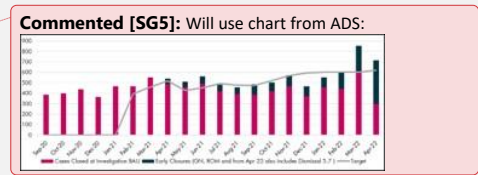
[Graphic – Case resolutions since 2020]

The rest of this section outlines how LeO has delivered against each Business Plan priority for 2021/22.

Business Plan priority one

Support existing staff to increase performance and productivity

Strategic objective one



What was planned	Status
<i>Maximise operational performance</i>	
Plan activities to build on and progress the learning from the Staff Survey 2020/21	<p>Complete/ongoing</p> <p>Review of results and current progress shared in Q4.</p> <p>See page X for more information.</p>

Support and mentor all operational leaders to proactively manage the performance of their teams	<p>Complete/ongoing</p> <p>Delivered as part of coaching, development and leadership in operational teams.</p> <p>See page X for more information.</p>
Develop leaders at every level and progress activity to reduce performance variation; optimise performance through ongoing remote working	<p>Complete/ongoing</p> <p>There have been more than 30 opportunities for operational promotion during the year, with many relating to new initiatives.</p> <p>See page X for more information.</p>
Managing by behaviours (<i>how we lead</i>)	Partly complete
Improve performance outcomes (<i>what we achieve</i>)	Performance management framework completed in 2021/22 and to be launched in Q1 2022/23.
Helping all people to see how they impact on customers (<i>why we do this</i>)	
Target focused resource to the Pre-Assessment Pool backlog, to review, progress and conclude cases within a robust recovery plan	<p>Complete/ongoing</p> <p>A range of interventions have been established or instigated to support performance recovery.</p> <p>See page X for more information.</p>
Work with, and learn from other ombudsman schemes and consider how they organise their resources and deliver outcomes.	<p>Complete</p> <p>LeO is an active member of Ombudsman Association and has continued to build relationships with other schemes.</p>
Undertake ombudsman and case decision review project	Complete
Implementation of outcomes from above	Partly complete

	Currently planning implementation of outcomes.
<i>Recruit operational resources in order to increase case closures to 7,057 by year end and a support a long-term reduction in wait times</i>	
Review and refresh recruitment and induction strategy	Partly complete Operational induction strategy has been reviewed and refreshed, and the new “Grad Bay” induction process is in place. See page X for more information.
Investigator recruitment and induction to ongoing replace attrition	Completed. The shift to national recruitment means LeO have been able to recruit to meet our demand and also to anticipate attrition. See page X for more information.
Recruit and induct two investigator teams (24 investigators, two team leaders, and one ombudsman)	Complete
<i>Reduce disproportionate wait time for high complexity cases</i>	
Implementation of appropriate deployment model for L1 ombudsman team	Complete Organisational redesign undertaken to support progression of high-complexity cases.
Continued focus and support to promote early resolution where possible	Complete See page X for more information.
<i>Monitor and maintain the quality of work through the Quality Framework</i>	
Implement outcomes from Quality Feedback review	Partly complete An interim review of the quality framework has been carried out, but resourcing issues

	have limited our ability to progress this work. See page X for more information.
Feed outcomes from customer satisfaction surveys into appropriate business areas	Complete/ongoing See page X for more information.

More about LeO’s performance

Addressing recruitment and attrition challenges

For much of 2021/22, LeO’s inability to attract and retain the required number of people had a significant impact on how far it was able to meet its anticipated recovery trajectory during 2021/22. In spite of this, the hard work and commitment of existing staff meant LeO still resolved 40% more complaints than 2020/21. This represented 93% of the complaints it expected to with 85% of established FTE.

During the first half of the year, our operational team recruited 33.5 FTE across three campaigns, who have performed above expectations under the new “grad bay” induction (see below). However, due to a competitive and saturated local recruitment market, LeO needed to take further action to ensure sufficient people were recruited to reach its aims for resolving complaints.

For the first time, LeO worked with recruitment partner to roll out a national campaign. This had an overwhelming response and resulted in offers being made to 39 people – meaning LeO began 2022/23 with a full complement of investigators, who are expected to reach full productivity in the year ahead. LeO also maximised the success of this campaign to recruit early to replace assumed attrition for Q4 of 2021/22 and for the first half of 2022/23.

The Legal Ombudsman has also been experiencing high rates of attrition among new starters, indicating that they didn’t feel they were receiving the support and structure they needed to build a career. In 2021/22 LeO took a number of steps to improve support for new investigators:

- **Improving the induction experience.** Using feedback from previous new recruits, LeO developed an induction programme called “Grad Bay”, from which the first cohort graduated into investigation teams on 1 April 2022. This new approach supports LeO’s new investigators into the organisation, providing them a better opportunity to productively resolve complaints during their induction, while ensuring quality isn’t compromised. Following positive feedback, this initiative has now been increased to include a further three team leaders, and is part of the usual induction process.
- **Improving initial learning to improve confidence and performance.** In response to feedback from our November 2021 cohort, LeO has improved the learning and

support provided in the induction process – better aligning theory and systems training, and increasing the number of mentors. While there is a trade-off involved in using experienced staff in this way, it is an investment in recruitment and future productivity; inductees’ feedback is that mentoring is the most important support for them.

- **Bolstering operational leadership.** Successfully recruiting and bringing significant numbers of new investigators to full productivity requires additional leadership capacity. LeO has recruited to ensure there is capacity to support the reduction of performance variation, leadership of PAP reduction activity, business process change and coaching and development work.
- **Combining level one ombudsman and quality roles.** From December 2021 LeO combined Level One Ombudsman and Quality and Feedback roles. This has created a more flexible ombudsman resource that will mean LeO can respond to changes in demand from the three core areas level one ombudsmen deliver: resolving high complexity complaints, providing quality checks and feedback to investigators and making final decisions.

Looking ahead, the impact of LeO’s continued focus on operational performance variation will also have resulted in some employees leaving us, impacting attrition rates. In addition, the general shift to homeworking has given people more choice of employment, with location no longer a factor in many cases. LeO also recognises it doesn’t currently have a competitive reward offer, and a benchmarking exercise is currently underway to form a full picture of comparability for all roles.

In 2022/23 LeO will maintain its focus on attracting and retain highly skilled and motivated people. Priority 1 of the new Business Plan sets out ways this will be done within the context of the wider People Strategy, alongside work to promote EDI (see page X) and wellbeing (see page X). The findings of the recent Government Internal Audit Agency will also help to inform improvements to the current recruitment and onboarding process.

Business Plan priority two

Identify innovation opportunities that speed up the complaints process

Strategic objective two

What was planned	Status
<i>Develop Stakeholder Advisory Forum</i>	
Set up forum to advise on potential innovation projects and on alternatives to existing business process	Complete

	<p>The Challenge and Advisory Group was established in X 2021 and met five [check] times during the year.</p> <p>See page X for more information.</p>
<i>Scope and test pilot projects to test possible changes to business process</i>	
<p>Scope innovation projects including Standardised Information Request (information being provided earlier in the process) and Adjudication Model (reaching an appropriate outcome with reduced support and contact)</p>	<p>Partly complete</p> <p>Having assessed the adjudication model, it was decided not to proceed due to issues at the development stage of supplier software.</p> <p>The standard information request was piloted and is now business as usual [check].</p>
<i>Implement pilot projects</i>	
<p>Implement pilot projects</p>	<p>Complete</p> <p>The GETI role was piloted, shown to be effective and for forms part of the front-end team.</p> <p>See page X for more information.</p>
<p>Review impact on business process and forecasting</p>	<p>Complete</p> <p>Business information and operational teams worked together to test and quality each initiative. The results were tested with the Performance and Quality Task and Finish Group (see page X), and they have been included in forward trajectories and explanations of how investment will be spent.</p>
<p>Wider implementation of projects into business</p>	<p>Complete</p> <p>See page X for more information.</p>

<i>Investigate options for General Enquiries Team (GET) supporting "investigation ready" files</i>	
Plan and implement project looking at how GET can support investigation, e.g. early resolution, standardising case files	Complete GETI role piloted and implemented
Review impact on business process and forecasting	Complete Review took place in Q4 and a decision was made to include GETI role in front-end team. See page X for more information.
<i>Explore and implement technology projects</i>	
Complete implementation of automation technology project	Complete Updates to Robotic Process Automation (RPA) will go live and be developed further in 2022/23. See page X for more information.
Implement document summarisation tool project	Not complete Initial testing of the tool showed insufficient benefit. The project was stopped so resource can be focused on work that will have a bigger impact on LeO and its customers.
Consider options for automating file complexity ratings by using outputs of natural language technology and revisiting case age prediction tools	Not complete Based on other innovation work, this will now be delivered under the 2022/23 Business Plan using simpler, known technology.
Develop an implementation strategy for 2022/23 proof of value projects, including portal project	Complete

	LeO has explored and evaluated options for greater use of technology and decided on the next steps. See page X for more information.
<i>Development of dynamic forecasting model to enable better understanding of efficiencies and processing times</i>	
Design and build forecasting model	Complete
Implementation of model	Complete

More about LeO's performance

Transforming LeO – becoming more proportionate and flexible

Each year the Legal Ombudsman's general enquiries team deals with approximately 100,000 contacts from users of Legal Services, of which a majority don't go on to be taken on by LeO as formal cases to be investigated. Instead, the team identifies the right course of action for the problem in hand, which can involve signposting people to sources of legal or consumer advice, or referring them to the legal services provider to make a complaint in the first instance.

However, over recent years a substantial backlog has built up of complaints that could potentially require investigating, which are held in LeO's pre-assessment pool (PAP). This has primarily been due to the recruitment and attrition issues LeO has faced, exacerbated by the impact of the Covid-19 pandemic – and means people are waiting months, and as much as to 24 months, for an investigation to begin.

In early 2021/22 LeO established a Challenge and Advisory Group, aimed at providing a forum for open feedback and constructive challenge around our plans and pilots to support performance recovery. Conversations with stakeholders, together with formal consultation points during the year, indicated support for taking radical action to address waiting times and rebalance our process toward minimum formality.

To address waiting times, LeO piloted a number of initiatives aimed at intervening at an early stage – in some cases, before cases even joined the PAP – to identify complaints that could be resolved without a full investigation, so the parties involved didn't have to wait to get the input they needed from LeO.

Central to the pilots was the creation of a new general enquiries team investigator (GETI) role and team to focus on cases that had potential for early resolution. This role bridged a gap between LeO's general enquiries team and investigator roles, which represent distinct stages of the existing complaint process (see page X).

Commented [SG6]: We could add more information about these contacts - will see what info we hold and work to develop this further. Info to follow from Dave P.

The piloted processes became business as usual in October 2021. From December 2021 the review process was expanded to identify other opportunities in the PAP – for example, where a service provider hadn't made their customer an offer, but this was reasonable in the circumstances. In January 2022 the process expanded further to new cases arriving into LeO.

Early proportionality	Incoming cases to LeO are reviewed within 24 hours of the case going into the Pre-Assessment Pool (PAP) queue, to identify whether they might be suitable for an early resolution process (see below) or are likely to require a full investigation.
PAP proportionality	Cases already waiting in the PAP are reviewed to identify whether they are suitable for an earlier resolution process (see below) which would reduce their wait.
Reasonable offer made	Complaints where LeO identifies that a reasonable offer has been made to the end customer, and it was accepted, or LeO dismissed the case under the scheme rules for that reason. During pilots it was found that 77% cases reviewed had the potential for early resolution.
Guided negotiation	Complaints where LeO supports negotiation between the service provider and their customer, resulting in a reasonable offer being made which is accepted. During pilots it was found that 90% cases reviewed had the potential for early resolution.
Nudge	For consumers, this means using techniques to ensure they engage with LeO at the right time and with the right information. For service providers, this means giving them information to help them understand what a reasonable offer looks like, so they can then resolve the complaint with their customer themselves.

Between December 2021 and February 2022 LeO moved established staff with the required expertise to deal with more complex issues to support this early resolution work. The new front-end team created is made up of just over four FTE general enquiries team investigators who handle less complex opportunities, three level one ombudsmen who can dismiss complaints under our Scheme Rules (deciding, and explaining, that LeO won't investigate complaints in certain circumstances), and four level two ombudsmen who identify opportunities and make final decisions.

To underpin this work, LeO has carried out a substantial amount of changes and testing relating to our systems, updated guidance and standard communication, and provided its people with training and support.

The impact our changes have made

2021/22	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Total
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Commented [SG7]: To be presented graphically - see attached doc.

BP Assumption	473	520	569	596	600	600	602	619	611	611	625	629	7,057
2021/22 total	541	511	560	482	453	485	503	571	466	552	599	852	6,576
BAU investigation	488	458	491	418	392	388	419	465	371	455	440	600	5,386
New initiatives	53	53	69	64	61	97	84	106	95	97	159	252	1,190
% closed under BAU	90%	90%	88%	87%	87%	80%	83%	81%	80%	82%	72%	70%	82%
% closed under new Initiatives	10%	10%	12%	13%	13%	20%	17%	19%	20%	18%	28%	30%	18%

LeO expects early resolution initiatives to account for nearly a third (32%) of all case closures in 2022/23, against 18% in 2021/22.

The interventions being made by the FET are heavily contributing to a reduced customer journey time. For example, a conveyancing complaint joined the low complexity PAP in July 2021 and was identified for guided negotiation in November 2021. The case was closed by agreement on 1 December 2021, saving the customers a wait time of 5 months until allocation to an investigator. These resolutions are not yet included in LeO’s modelling, and so are not yet reflected in average customer journey times.

For new cases identified as ready to join the PAP and closed in February, the average customer journey time was 37 days from the point that LeO has all relevant paperwork. This compares to allocation for investigation wait times of 19.5 months for medium complexity cases, and 10.5 months for low complexity cases.

Making improvements and efficiencies

Achieving a significantly improved experience for legal service users and providers who need LeO’s input – including reducing the time they have to wait for an investigation to start – has required thinking radically about how LeO operates. However, smaller-scale changes have also shown their potential to improve efficiency and ultimately result in a better service for those using LeO.

LeO’s people’s ideas and experience have been central to success so far. On the front line of complaints, they have a vital insight into how process can get in the way of customer service, and what can be done to remove these barriers. Through an “ideas station”, launched in X 2021, LeO has considered hundreds of suggestions, taking forward those that show most potential.

While non-PAP-focused ideas have been taken forward, in future the ideas station will centre on initiatives to reduce the PAP. This relaunch has been timed to ensure it engages as many staff as possible, including LeO’s 40+ new starters.

A number of efficiencies developed during 2021/22 are now reflected in LeO's "business as usual" processes. These include:

- **Establishing specialist law teams.** LeO has established new teams focusing solely on probate and personal injury cases. Following positive feedback, it is expected this approach will contribute not only to work to reduce waiting times, but also to the learning LeO share back with the legal sector
- **Routinely using a 'scoping' phone call.** A high-quality phone call with the consumer about their complaint sets the tone for the investigation ahead, and reduce the likelihood of delays later in the process.
- **Increasing flexibility in our process.** LeO has given experienced investigators greater autonomy over how to progress complaints through the LeO process, supported by enhanced quality checks.
- **Streamlining the first steps of the investigation process.** A trial showed that removing a seven-day wait for parties to confirm complaints before requesting evidence from them resulted in no detriment – and LeO has also removed the requirement for service providers to agree complaints in all cases, meaning LeO's process isn't held up by service providers' own backlogs.
- **Strengthening our approach where parties have disengaged.** LeO has strengthened guidance for investigators around how to proceed where the parties to a complaint don't respond – so that resources are freed up to be reinvested in resolving other complaints.
- **Streamlining how additional complaints are handled.** Following a review, LeO has streamlined its process to help the delays and burden of administration associated with needing to deal with new complaints or aspects of complaints once an investigation is underway.

Making use of technology

While some people will always need fuller input and intervention from LeO, many others may be able to resolve their issue themselves using our guidance and signposting. Work in this area includes a specific focus on reshaping how people first engage with LeO, including via the website, and on using technology to automate processes where possible.

This builds on previous work and will include:

- **Further enhancing LeO's website** to ensure that it has, and effectively directs people to, the information they need – reducing the number of people who could "self-serve" but instead contact LeO.
- **Using a more structured online form** to reduce the amount of information people sometimes share with LeO upfront, which creates a data risk and an administrative burden for the front-end team.
- **Using Robotic Process Automation (RPA).** In 2021/22 this was used in just under half of complaints submitted via the customer assessment tool. Following development during the year, from April 2022 all complaint forms will be

processed this way – meaning the general enquiries team can use their time more effectively. In total this will save one year of work for a team member.

While also exploring and implementing RPA in September 2021, LeO looked at a range of other technologies – including online dispute resolution (ODR) platforms, machine learning and natural language processing. These explorations are now complete, and LeO has decided not to explore these other technologies for the foreseeable future. Benefits can't be measured easily for emergent technology, and to do so effectively would require significant investment and resources. As these technologies are not proven, there are no guarantees they would support delivery of LeO's business priorities in the next two years, and as such, they are beyond LeO's current appetite for risk.

Wider changes to how LeO works

Reviewing the Scheme Rules

The 2021/22 Business Plan committed to a review of the Scheme Rules in Q4, aimed at considering whether they remained suitable going forward. However, the scale of LeO's performance recovery challenge presented an urgent need to make significant and radical changes.

As a result, the intended high-level review was refocused on identifying opportunities to improve the customer experience by removing historic obstacles to resolving cases quickly and with minimum formality, and to create a platform for the evolution of the scheme in the years to come.

Having expedited the first stage of the review, LeO consulted in February 2022 on a series of changes and proposed detailed changes which take account of the changes made will be presented before the OLC Board in May 2022 and LSB Board in July 2022. A period of implementation will then follow across 2022/23. Stage 2 of the review, which will be progressed further in 2022/23 and 2023/24, will focus on a number of longer-term strategic changes.

Hub strategy

An important mitigation for future resourcing challenges is developing LeO as national employer, following success in 2021/22. As part of this, during the year LeO explored the potential for regional 'hubs' where we can share Ministry of Justice (MoJ) estate and widen our recruitment reach. LeO is now recruiting for both corporate and operational roles at a pilot hub in Cardiff and assessing other potential locations in the North of England. LeO will be assessing its options more broadly as the expiry of the least in Edward House approaches (Autumn 2024).

Outsourcing

In 2021/22 LeO assessed the potential scope for outsourcing elements of casework or using agency resource within the framework of the Legal Services Act. Going forward, LeO's view

was that this could potentially accelerate the reduction of the PAP beyond current forecasts and afford greater flexibility in future resourcing.

Discussions were initiated with the LSB and MoJ to assess potential barriers within the legal framework. This will continue to be assessed but, as LeO has achieved stability in its investigative resource following the success of the national recruitment model and ongoing progress on regional hubs, efforts will be focused primarily on other initiatives to support resilience in resourcing of both investigator and ombudsman cohorts.

Discussion with MoJ will also continue on the scope for amendments to the Legal Services Act which would support further delegation of Chief Ombudsman powers and greater flexibility in our resourcing of earlier decision-making, supporting our strategy of becoming a more proportionate and better-balanced ombudsman service.

Ensuring the quality of LeO's service

In 2021/22 the Legal Ombudsman has continued to assess the quality of the service LeO provides to legal service users and providers, the reasonableness of the outcomes that are reached and the overall levels of customer satisfaction. Themes and trends identified through assurance initiatives are fed back through LeO's internal Quality Committee to ensure improvements are identified and introduced where possible.

An interim review of LeO's quality framework was carried out in May 2021. This review identified a number of recommendations relating either to the day-to-day operation of the existing framework, or to potential areas for change. While resourcing constraints have limited the further scoping and development of work around the framework, during the year a number of changes have been made to enhance the value of the existing framework. LeO has:

- Ensured that all quality reviews are carried out by an independent person to ensure that any scope for real or perceived bias is removed.
- Carried out moderation exercises with our ombudsman cohort.
- Integrated feedback from our legal team around the themes and trends they are seeing from their casework into the Quality Committee
- Carried out regular reviews of the level, standard and frequency of feedback provided by ombudsmen to investigators on all completed decision work to help improve standards of investigatory work.

A project team has been established to develop measure to provide oversight and assurance around these new initiatives.

The recent introduction of a front-end initiatives (see page X) will mean that many customers receive an ombudsman's input at a much earlier stage. LeO's existing suite of quality checks will enable us to provide assurance that the level of service provided to all customers remain high and that the outcomes reached in those cases remains fair, reasonable and proportionate.

As the proportion of complaints resolved at an earlier stage is expected to increase, LeO is developing additional quality assurance metrics that will enable it to ensure people receive the same standard of service whatever journey they take through LeO.

Customer Satisfaction

LeO monitors customer satisfaction levels at three stages of the complaints process – at the point a consumer makes a complaint to LeO, just over month after the investigation has started and at the end of the LeO process, once the parties have received the outcome of the complaint in hand.

Feedback is collated and shared at LeO’s Quality Committee, and is used as the basis of service improvements. The findings from customer satisfaction reviews, together with the verbatim feedback, are shared with staff to show the impacts that the level of service – whether high or with room for improvement – has on customers.

	After using LeO’s complaint checker tool	One month into the investigation	After receiving the outcome
Consumer	85%	57% (target: 65%; 2020/21: 58%)	Satisfied with the outcome: 92% (target: 85%) Not satisfied with the outcome: 11% (target: 15%)
Service provider	N/a	52% (target: 65%; 2020/21: 49%)	Satisfied with the outcome: 86% (target: 85%) Not satisfied with the outcome: 16% (target: 15%)

Commented [SG8]: Q1-3 only - to be updated once Q4 available

“I wish to express my upmost gratitude to [the investigator], not only for her upholding the outstanding way she maintained a professional approach in dealing with my case ... but ultimately, for the empathy and patience she expressed towards me throughout her involvement of my complaint, which was at a time that I was undoubtedly, extremely vulnerable.” Legal Ombudsman consumer

“I did have to wait quite some time before my complaint was picked up but when [my investigator] introduced herself – I found her to be sympathetic and professional and above all she listened

to me. She contacted the firm and kept me informed every step of the way.”

Reflecting LeO’s ongoing challenge of reducing waiting times, our surveys highlight clear dissatisfaction from consumers and providers of legal services alike around how long they have been waiting for an investigation to begin, and the uncertainty around when this will happen. To help address this feedback, LeO now provides all customers waiting in the PAP with a quarterly update about the likely waiting time.

Relatedly, while satisfaction levels at the start of the process are high, they are lower during the investigation. This reflects the fact that, while average investigation times have fallen this year, most people will already have been waiting a significant amount of time at the point the investigation began.

At the end of our process, satisfaction with the outcome of the case is the primary determinant of people’s overall satisfaction with LeO’s service. The results for those who aren’t happy with the outcome can be volatile due the small sample size: the number of responses among this group is very low.

Themes and trends from surveys have also helped drive interventions in areas including LeO’s approach to identifying and catering for reasonable adjustments (see page X), complaint prioritisation, and customer access to LeO’s service.

Internal quality assessments

LeO’s internal quality assessments involve a senior member of staff reviewing whether we have provided a reasonable level of service and whether the outcome was reasonable.

	Target	General enquiries team	Investigation	Ombudsman
Did we provide a reasonable outcome? (KPI)	95%	88%	93%	97%
Did we provide a reasonable service?	95%	90%	70%	97%

The level of service provided to customers once their complaint has been accepted for investigation is below the levels LeO expected and seek to maintain. This review is completed by an independent senior staff member with no link or prior involvement in the investigator’s casework. The key area of poor service relates to the time taken to undertake an investigation and lack of regular updates on case progression. This theme has been driven in part by the historic and in some cases ongoing implications of the Covid-19 pandemic, which resulted in LeO not being able to progress cases in line with its own expectations due to a combination of staff absence and both customers’ and service

providers' unavailability. This theme is reflected in customer satisfaction scores and is an area for continued review and focus.

LeO actively monitors the outcomes reached on a sample of cases each quarter to ensure that not only was the outcome reasonable in terms of the assessment of the reasonableness of the service provided by the service provider, but also in relation to any remedy that was recommended/directed. This review provides us with a high level of assurance that outcomes reached at all stages of our process are fair in reasonable.

The Service Complaints Adjudicator

The Service Complaints Adjudicator investigates complaints about the standard of service the Legal Ombudsman itself has provided, which it hasn't been able to resolve directly with the customer involved. There is more information about the complaint process in LeO's factsheet: [If you are unhappy with the service we have provided | Legal Ombudsman](#).

The Service Complaint Adjudicator's annual report is published as Appendix X to this annual report. In summary, the Adjudicator received XX complaints (XX in 2020/21), involving XXX individual issues of complaint, and upheld X of these issues.

Value for money

Historically the Legal Ombudsman has used a unit cost financial measure, calculated by dividing the cost of delivering the Scheme by the number of cases concluded in the relevant period. In very simple terms this reflects the cost of running the Scheme, and LeO continue to report on it (see page X), However, it is one-dimensional metric that doesn't adequately reflect the value and breadth of work LeO carries out. This is explained in more detail in our 2022/23 Business Plan.

Given these limitations, in 2021/22 LeO has used the National Audit Office's (NAO) 4Es model – Economy, Efficiency, Effectiveness and Equity – supplemented by additional metrics and reported as part of the Agreed Data Set. It enables LeO's Executive and the OLC Board to identify where interventions are required in the effort to reach a sustainable balance between operational delivery and quality/customer satisfaction. For stakeholders, it provides a suite of key metrics which show how efficiently and effectively LeO is performing and where there is room for improvement. In addition, LeO can use insights from performance monitoring internally, to continually improve the service it provides.

Business Plan priority three

Focus learning and insight on providers who require support to prevent and resolve complaints

Strategic objective three

What was planned	Status
<i>Develop organisational learning and knowledge framework</i>	
Establish working group and programme of activities for the year, including:	Complete
Impact case studies	Complete Ten case studies were published in March 2022 as part of LeO's overview of annual complaints.
Internal thematic reviews on misconduct referrals	Complete To be taken forward with relevant regulators.
Research - providers generating significant case volumes and what drives early contact	Complete Research used to support engagement with the sector. See page X for examples of this engagement.
Create business intelligence tools which support feedback to the sector and transparency of data	Partly complete Requirements for this work have been gathered, but resource constraints prevented completion in 2021/22.
<i>Develop opportunities for tailored feedback to the profession</i>	
Set up and implement service provider advice line	Complete See page X for more information.

Engagement with regulators to identify opportunities to work with firms	Complete Work with relevant regulators ongoing and more planned for 2022/23.
<i>Increase opportunities for profession to learn from us, including visibility of resources</i>	
Tailored feedback courses as required	Complete See page X for more information.
Thematic report and tailored learning campaign	Complete Report on personal injury claims published in May 2022. See page X for more information.
<i>Deliver business case for publishing decisions</i>	
Scope and develop business case for publishing decisions (including need for further consultation)	Complete Business case in December 2021 recommended the publication of decisions should be delayed until LeO reaches operational stability. See page X for more information.
<i>Scheme Rules review and timetable for possible consultation</i>	
Undertake interval review of rules including impact of pilot project and need for changes	Complete See page X for more information.

More about LeO's performance

Targeted engagement to help raise standards

Sharing insight about the causes of complaints helps legal services providers and their customers avoid the substantial time, cost and frustration inherent to the complaint process. It is also an important factor in managing demand for LeO's service preventing cases being added to the front-end queue unnecessarily. LeO has already begun to identify how it can better engage with service providers, to provide learning and insight at all stages of the process.

During the first year of the Covid-19 pandemic, LeO carried out its learning and insight-sharing activities, as well as attending stakeholder events and forums, exclusively online. Recognising the benefits of this approach in terms of cost and reach, LeO continued to deliver and attend online events in 2021/22, as well as some in-person events as these resumed. LeO has also continued to share data with regulators on a quarterly basis, to help them understand patterns of complaints among firms they regulate and take their own action to address these.

When	What LeO delivered	Focus	Audience
Apr 2021	LeO online complaint handling course	A LeO course focused on residential conveyancing	Approximately 30 service providers
May 2021	LSCP roundtable speakers meeting	Delivered a presentation followed by a Q&A	LSCP roundtable attendees from across the legal sector
Sep 2021	Ombudsman Association online conference online	Theme: harnessing diversity. Presenting 'Future at work' workshop talking about recruiting staff remotely during the pandemic and lessons learned.	Other OA members and stakeholders
Nov 2021	Legal Ex event - London	Presentation on latest complaint trends and complaint themes; shared research into premature complaints, clarifying LeO's approach to early complaints and how providers can better support their customers.	Delivered to between 50-100 delegates, comprising a range of legal practitioners: partners, MDs, CEOs, paralegals, barristers and IT directors
Feb2022	Joint immigration meeting	Follow-up meeting to discuss focus issues and how to reach consumers	Stakeholders including SRA, OISC, CILEx Regulation, BSB, and consumer groups: ROW, Refugee Action, EERC, Refugee Council, Law Works, Citizens Advice, Red Cross

Commented [SG9]: These are just a sample of events - we will present these graphically, perhaps as a timeline as per ADS

Mar 2022	LeO 1:1 bespoke workshop training with a Welsh service provider	Half-day training session looking at issues specific to the provider	Service provider's executive team
Mar 2022	Law Society Risk and Compliance Conference	Joint presentation on best practice solutions on effective complaints handling	Law Society members

Launch of our new technical advice service

In November 2021 LeO launched its technical advice service, aimed at providing informal advice to legal service providers handling first tier complaints – with the aim that these can be resolved by the service provider themselves without needing to be escalated to LeO to get a fair outcome. The launch was supported by stakeholder engagement to raise awareness of the service.

While the number of enquiries has so far been modest at around 20, the advice service has been able both to add value in individual situations and support providers to make improvements with a potential impact on far higher numbers of customers. For example:

- Following enquiries, the service reviewed two firms' complaint procedures, making suggestions about how they could be improved – for example, extending timeframes to a more reasonable length, and simplifying the number of stages in the internal complaints process.
- Contact through the advice service led to the development bespoke training for with a firm struggling with an increase in complaints, which has led to changes to their staff training and their complaint handling procedures.

Developing our online resources

During the year LeO refreshed its online complaint-handling video content, creating new bitesize videos covering the good complaint handling and complaint prevention, as well as the LeO process and approach to resolving complaints.

LeO also continued to share its newsletter LeO News, with each edition including a round-up of updates, upcoming events, any live consultations and newly-published guidance.

Case study: engagement with service providers around personal injury claims

LeO held a workshop for representatives of firms supporting clients through personal injury claims, to discuss in depth the issues facing service providers. LeO shared complaints data and common complaint themes seen in investigations, and received feedback from attendees on the issues they identify.

The discussion highlighted a challenge for service providers in meeting regulatory requirements by providing all relevant information, while not overwhelming the consumer. Following the workshop, LeO created some consumer factsheets focused on PI complaints and what consumers should expect.

So that the discussion at the workshop could benefit more service providers, LEO also created a [thematic report](#) sharing insights into the main complaint trends in PI and how to make improvements in these areas.

Publishing full ombudsman decisions

The Legal Ombudsman [publishes details of final decisions](#) made by ombudsmen. Having consulted with stakeholders in October 2019 about the transparency of LeO's work, the 2021/22 Business Plan committed to reviewing the transparency of ombudsman decisions. In December 2021 LeO reached a rationale for publishing full decisions and recommendations about how this work should be taken forward, but only if appropriate resourcing is available for this significant additional activity.

Publishing decisions is a resource-intensive activity, involving significant considerations around drafting, quality assurance, technical solutions, training, and stakeholder engagement. It takes significant time from operational resource, with investigators and ombudsmen key to the process and the quality of decisions published. While this annual report highlights the progress LeO has made toward performance recovery, there is still a substantial amount of work to do to reach a sustainable, acceptable level of performance. LeO is also in the process of reviewing its quality framework, which will underpin further work around decision publication. For this reason, LeO will delay the implementation of publishing decisions for the time being – and will reassess and review this at the end of 2022/23 to assess a number of factors including resourcing impact and future budgets. It is also important that we find the best way of achieving the aimed for outcomes of transparency and greater insight and learning – and consider all options for achieving those aims.

In the meantime, LeO will continue working with the legal sector around quality indicators, and explore how better use can be made of Category One decisions (see page X), greater wider sharing and reporting of targeted key decisions and learning and use of existing data and insight to support improved consumer outcomes and choice.

Strategic risks and issues

In 2021/22 the Legal Ombudsman undertook a fundamental review of its risk and assurance framework and implemented a comprehensive new risk framework. For the year as a whole LeO identified, managed and took steps to mitigate a range of risks and issues relating to the delivery of its strategic objectives.

Commented [SG10]: We will look to condense this section further

Strategic issues							
SI01: There is currently a substantial backlog of cases waiting to be worked (pre-assessment pool) causing significant delays to decision times							
<i>Strategic objective: 1, 2</i>							
<i>Theme: Operations</i>							
Q1 2021/22		Q2 2021/22		Q3 2021/22		Q4 2021/22	
Issue rating	Trend	Issue rating	Trend	Issue rating	Trend	Issue rating	Trend
20	↔	20	↔	20	↔	16	↓
Mitigating actions							
<ul style="list-style-type: none"> • A formal project was initiated in Q1 to focus on how LeO’s pre-assessment pool (PAP) can be reduced. Early resolution initiatives have been developed and implemented during the year which identify cases in the PAP that are suitable for early resolution. There is more detail about these initiatives on page X. • An ‘ideas station’ has been launched, generating staff ideas for initiatives to improve LeO’s processes. This was refreshed and relaunched in Q4 with support from internal communications to ensure regular and effective engagement across the organisation. • A front-end team has been created from existing resource, which works at the start of customers’ journey with LeO to ensure complaints are resolved at the earliest opportunity. See page X for more information. • LeO’s national recruitment campaign has been successful in recruiting sufficient numbers of investigators in time to deliver on expected trajectories, so LeO resolves more cases than it receives. • This issue has reduced in the latter months of Q4, given the number of early resolution initiatives having a positive impact on the PAP. March 2022 saw the PAP figure exceeding revised forecasting trajectories. LeO will continue to monitor this as an issue going into 2022/23 and will review at the end of Q1. 							
SI02 – We are currently outside of a tolerable position with regards to budget spend (financial underspend)							
<i>Strategic objective: 1</i>							
<i>Theme: Financial</i>							
Q1 2021/22		Q2 2021/22		Q3 2021/22		Q4 2021/22	
Issue rating	Trend	Issue rating	Trend	Issue rating	Trend	Issue rating	Trend
N/a		N/a		15	↑	15	↔
Mitigating actions							

- With the addition of a finance manager starting during the year, monthly finance review meetings with all budget holders have begun to review and update forecasts based on the recruitment profile.
- LeO is targeting other recruitment channels and platforms such as temporary resource, and widened its advertising market by recruiting for operational roles nationally before the end of 2021/22.
- Implementation of a LeO-wide workforce plan to support proactive resource and budget management.

SI03: Inability to attract, engage, mobilise and retain the right talent and skills at all levels and embed the desired culture

Strategic objective: 1, 3

Theme: People, operations, reputational

Q1 2021/22			Q2 2021/22			Q3 2021/22		Q4 2021/22	
Residual risk score	Target risk score	Trend	Residual risk score	Target risk score	Trend	Issue rating	Trend	Issue rating	Trend
16	9	↑	16	9	↔	20	↑	20	↔

Mitigating actions

- During the year, and linked to the underspend, the risk around people was escalated to an issue given the number of recruitment and retention challenges. While the national recruitment campaign for operational roles proved to be a success, corporate roles within LeO still remain a challenge given the current market and the overall benefits package on offer.
- LeO launched a national recruitment campaign for operational delivery roles in January 2022.
- LeO implemented a new 'celebrating success' platform in Q3 to help improve our reward offer to our people and recognise our staff for their achievements monthly.
- A 'hub' strategy is in development, which will see LeO use MoJ estate to create a number of national hubs for staff to work from, widening our reach in future recruitment campaigns.
- A new People Strategy has been defined and is being implemented. It covers four key areas: attract, recruit, retain; develop and support; promote engagement; equality, inclusion and wellbeing; and delivering responsive HR services.

Strategic risks

SR01: Failure to deliver against failure to deliver against required performance trajectory and consequent loss of credibility and confidence in LeO's ability to deliver the scheme effectively in the long term.

Strategic objective: 1, 2, 3

Theme: Operations

Q1 2021/22			Q2 2021/22			Q3 2021/22			Q4 2021/22		
Residual risk score	Target risk score	Trend	Residual risk score	Target risk score	Trend	Residual risk score	Target risk score	Trend	Residual risk score	Target risk score	Trend
20	12	↑	20	12	↔	20	12	↔	16	12	↓
Mitigating actions											
<ul style="list-style-type: none"> LeO has actively monitored PAP strategic issues, as these are intrinsically linked, and reviewed/had oversight appropriately. A model has been created showing LeO's business performance trajectory, taking into account business plan assumptions to ensure an accurate position. Revised assumptions were agreed in Q2 as part of the Performance and Quality Task and Finish Group. LeO has continued to have open and transparent conversations with stakeholders on performance, including establishing a Challenge and Advisory Group. Early PAP initiatives have been implemented throughout the year, as a result of which the risk rating reduced in Q4. 											
SR02: Failure to effectively manage and implement transformational change											
<i>Strategic objective: 1, 3</i>											
<i>Theme: Programme and project management</i>											
Q1 2021/22			Q2 2021/22			Q3 2021/22			Q4 2021/22		
Residual risk score	Target risk score	Trend	Residual risk score	Target risk score	Trend	Residual risk score	Target risk score	Trend	Residual risk score	Target risk score	Trend
16	6	↑	12	6	↓	12	6	↔	12	6	↔
Mitigating actions											
<ul style="list-style-type: none"> A project and programme communications plan will be created, aligning to the business plan and key activity, ensuring staff are involved and engaged throughout the year. This was reliant on internal resource being in post; resource was in place by Q3, with the communications plan approved in February 2022. Key project documentation has been refined and developed to support project delivery and managing change through the organisation. A project prioritisation framework has been developed and implemented to support executive decision-making and the overarching programme communications. 											
SR03: Covid-19 evolution – lack of resilience, agility to deliver our service											
<i>Strategic objective: 1</i>											
<i>Theme: People, operations, strategy</i>											
Q1 2021/22			Q2 2021/22			Q3 2021/22			Q4 2021/22		

Residual risk score	Target risk score	Trend	Residual risk score	Target risk score	Trend	Residual risk score	Target risk score	Trend	Residual risk score	Target risk score	Trend
9	6	↓	9	6	↔	9	6	↔	6	6	↓
Mitigating actions											
<ul style="list-style-type: none"> • Command team have met regularly over the year to review the impact of Covid-19 on LeO's service. • In the latter part of Q3, LeO ran a hybrid working trial (40%/60% split) with the view to implementing this as business as usual at the end of February 2022. • The office maintained a level of Covid-prevention measures throughout the year, which were lifted in Q4 in view of updated Government guidance. • Covid sickness absence has been built into our forecasting modelling and will remain on the strategic risk register for 2022/23, albeit at a low risk. 											
SR04: The framework of governance, risk management and control is not sufficiently robust to support the delivery of objectives											
<i>Strategic objective: 1, 2, 3</i>											
<i>Theme: Governance</i>											
Q1 2021/22		Q2 2021/22		Q3 2021/22			Q4 2021/22				
Issue rating	Trend	Issue rating	Trend	Residual risk score	Target risk score	Trend	Residual risk score	Target risk score	Trend		
15	↑	15	↔	12	4	↓	10	4	↓		
Mitigating actions											
<ul style="list-style-type: none"> • Internal leadership and management structures were reviewed and implemented by the Chief Ombudsman to ensure that they provide suitable oversight and resilience, while also being proportionate to the size and structure of the organisation. • All terms of reference for Board, committees and internal meetings were reviewed and updated • A governance and contracts project was launched, which has led to several LeO policies being updated and rewritten to support the management of LeO and support managers and other staff. • A full review of decision-making processes and routes of escalation have been considered as part of a wider project addressing governance and contract management. Terms of reference were reviewed and updated in Q3. • In Q4 a new OLC Governance Framework was drafted, which encompasses all the work which has been completed during the year to clearly outline how the OLC operates in line with the tripartite protocol (see page X). • A new risk-management policy and guidance note was launched in Q2, and has helped support our leaders in managing risks and issues in their areas. 											

People and organisation

The success of the Legal Ombudsman in delivering the service users and providers of legal services expect depends on the quality and commitment of LeO’s people. This is reflected in priority one of both the 2021/22 and 2022/23 Business Plans.

People Plan and Strategy

Over the course of 2021/22 LeO built on work carried out in 2020/21 under the People Plan, laying the foundations for the new People Strategy from 2022/23. The table below summarises how each element of the plans set out in the 2021/22 Business Plan developed during the year.

People Plan activities in 2021/22 Business Plan	Progress in 2021/22
<p>Talent and career development <i>Review of job roles and organisation structure, career pathways and fostering talent.</i></p>	<ul style="list-style-type: none"> • Job redesign work prioritised level one ombudsmen, to enable LeO to use resource in a more agile way (see page X). • Other roles and descriptions were reviewed. • There were 30 internal operational promotions during the year. • New GETI role has been developed to support customer service and succession planning (see page X). • Some level two ombudsmen who left LeO’s employment are now within LeO’s ombudsman pool, retaining capacity and experience.
<p>Recruitment and induction <i>Update recruitment and induction practices to attract the right people and support them through their initial months in role.</i></p>	<ul style="list-style-type: none"> • Operational recruitment, selection and induction completely refreshed to form a new supportive, team-based “Grad Bay” approach.
<p>Employee relations <i>Introduction of new case management system and review of key HR policies.</i></p>	<ul style="list-style-type: none"> • New and existing HR policies have been reviewed with an EDI focus (see page X). • New performance management framework and critical HR policies have been agreed and will be implemented in Q1 2022/23; competency framework will be developed later in the year.

	<ul style="list-style-type: none"> • Implementation of CIPHR case management system paused pending wider review of case management reporting requirements.
<p>Performance and training <i>Ensure managers can effectively support and manage teams in order to achieve organisation wide performance.</i></p>	<ul style="list-style-type: none"> • Learning and development programme delivered to operational team leaders and managers. • This has been supported by including leadership training, HR clinics and other training and underpinned by coaching and development.
<p>Reward and recognition <i>Review pay structure and approach to rewarding excellent performance.</i></p>	<ul style="list-style-type: none"> • Benchmarking for pay, terms and conditions has been commissioned and is due to report in X. This will feed into a pay and reward strategy in 2022/23. • A refreshed “celebrating success” scheme was implemented with a new approach better-linked to customer outcomes, behaviours and exceptional activity.
<p>Communications and engagement <i>Working with existing networks to support and promote staff engagement.</i></p>	<ul style="list-style-type: none"> • The executive and board relationship with LeO’s staff council has been refreshed and strengthened, with new policies, redesign and change discussed with them. • Staff networks meet regularly with the management team and the EDI manager is considering how to maximise their experience and reach across LeO.
<p>Organisational culture <i>Working with staff to identify the cultural changes needed and way of implementing the change.</i></p>	<ul style="list-style-type: none"> • Working with the staff council, networks and directly with staff, better engagement has been a focus at every level of LeO. • Engagement channels have included blogs, vlogs, “meet the CEO/COO” sessions, “ask me anything” events”, HR clinics and sessions on specific areas such as

	hybrid working, regular all-staff briefings and newsletters. <ul style="list-style-type: none"> The “ideas station” has been a fundamental part of improving LeO’s performance (see page X).
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Civil Service People Survey results

Area of focus	2021 result 159 responses (what %?)	2020 result (XXX responses - 82%)	2019 result – baseline (141 responses – what 57%?)	Percentage point change 2021 vs 2019
Overall engagement	50	55	42 (-9 from 2018/19)	+8
My work	69	69	55 (-10 from 2018/19)	+14
Organisational objectives and purpose	64	69	66 (-1 from 2018/19)	-2
My manager	58	63	53 (-11 from 2018/19)	+5
My team	67	68	65 (-3 from 2018/19)	+2
Learning and development	33	37	34 (-4 from 2018/19)	-1
Inclusion and fair treatment	64	69	48 (-15 from 2018/19)	+16
Resources and workload	64	65	54 (-4 from 2018/19)	+10
Pay and benefits	39	44	37 (-3 from 2018/19)	+2
Leadership and managing change	41	37	21 (-7 from 2018/18)	+20
Discriminated against	14	11	-	+3
Bullied/harassed	11	6	-	+5

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During the year new Civil Service People Survey results showed a 20 percentage-point improvement in how LeO’s people feel about its leadership and how change is managed, compared with a 2019 baseline (which organisations participating in survey are using as the latest comparable year, reflecting the extraordinary impact of the Covid-19 pandemic on their operations in 2020).

While this improvement is welcome, it is clear there is much more work to do in improving staff feedback further in this and other areas. Work already delivered and planned under the People Strategy (see page X) will support the improvement that is needed, and LeO will continue to report on progress.

Wellbeing

As with every employer, Covid-19 presented challenges for the wellbeing of LeO’s people. While the pandemic did not impact LeO’s operations on the same scale as in 2020/21, it remained a predominantly remote-working organisation for most of the year. This meant the engagement activities described on page X were important in helping keep people connected with their colleagues and with LeO’s leadership team.

In November 2021 LeO ran a series of wellbeing check-in sessions to help support people back to working in the office, as it began to transition toward a hybrid model. A survey relating to returning to the office as completed by staff in December 2021, and the results were fed into a clear action plan in response to key concerns.

During the year LeO continued to actively promote health and wellbeing through a range of initiatives, including support from Wellbeing Champions, an Employee Assistance Programme, workshops and ‘Buddy Circles’, as part of an ongoing wellbeing programme that will be developed further in 2022/23. Reviews of the induction programme to ensure a supportive experience for new investigators, and a review of HR policies by our EDI manager, have helped ensure that people are supported to perform at their best and feel included at LeO.

"The buddy circles have helped me reconnect on my return to the office. It's a great way to catch up with people I know and to make new acquaintances."

LeO staff member

See page X for more detail about how people’s performance was supported in 2021/22. There is more information about sickness absence on page X.

Equality, diversity and inclusion

In 2021/22 the Legal Ombudsman took significant steps forward in its strategic approach to equality, diversity and inclusion (EDI) as a public service and an employer. Since beginning their role in the first quarter of the year, LeO’s new EDI manager focused on the development and implementation of an EDI framework that lays the groundwork for tangible and specific actions and change in 2022/23. A new strategy and action plan will deliver LeO’s Equality Priority Objectives, aligning with the People Strategy and wider strategic objectives.

Equality Priority Objective	Summary of progress in 2021/22
Representative workforce	<ul style="list-style-type: none"> Analysed workforce demographic data Extracted recruitment data for last financial year for analysis

<p><i>By 2023, we will be working towards increasing the diversity of our workforce at all levels to reflect the community where our office is based and the customers we serve</i></p>	<ul style="list-style-type: none"> • Held focus groups to understand how our people feel about EDI issues • Published gender pay gap report
<p>Inclusive place to work</p> <p><i>By 2023 we will provide an accessible and inclusive working environment and culture where all staff are treated fairly, are able to perform to the best of their ability and get support in developing and growing their careers</i></p>	<ul style="list-style-type: none"> • Assigned executive sponsors to staff networks • Delivered inclusive leadership training to our board and executive team • Established EDI Steering Group • Consulted on inclusion and belonging as part of focus groups • Analysed results of People Survey in relation to inclusion, bullying and harassment • Carried out an Equality Impact Assessment of all new and reviewed HR policies • Created an EDI Calendar and delivered and promoted diverse and inclusive events through multiple communication channels • Monitored EDI in respect of reward and recognition
<p>Customer service and accessibility</p> <p><i>By 2023, The needs and rights of people who shared protected characteristics are at the forefront of the design and delivery of our service</i></p>	<ul style="list-style-type: none"> • Analysed vulnerable customers and reasonable adjustments data • Reviewed reasonable adjustment process across the customer journey • Analysed customer satisfaction scores, customer outcomes and service complaints by demographics • See page X for more information about how LeO supports customers in challenging circumstances.

Commented [SG12]: Add link when published

LeO’s action in 2021/22 and future EDI plans have four key areas of focus:

1. Strategy and policy

- A new EDI Steering Group has been established and met for the first time in March 2022. The Group will provide governance and support for the delivery of actions under the strategy. Initial conversations have focused on the importance of having a clear overall vision, dependencies between the EDI strategy and people plan, actions that would be quick wins and those that would have a big impact, and how the EDI manager can access support and resource from across LeO to deliver the plans.

- An Equality Impact Assessment (EIA) policy and procedure has been put in place to ensure LeO meets the requirements of the Equality Duty, and how LeO can improve and promote equality in policy development and service delivery. This includes building EIA into the business-planning cycle and linking it to the risk register, to ensure that LeO is identifying and monitoring potential EDI issues as early as possible.
- LeO carried out six employee focus groups in December 2021: three with staff networks and three open to all staff. The themes these identified have been shared with the executive team and will have a direct impact on the EDI action plan.

2. Building our community

- LeO's executive team and EDI manager have continued to build relationships with LeO's staff networks, and action has been taken to increase their visibility in LeO. This has included appointing executive sponsors for each network, improved communications around EDI-related events, and the launch of a new EDI calendar.
- The networks will be key partners in delivering the Equality Priority Objectives and the EDI action plan, and as LeO works toward the Race Action Plan and Race at Work Charter, becoming a Level Three Disability Confident Employer, and benchmarking against other ombudsman schemes and the public sector.
- The EDI manager has built up a network of EDI specialists across the ombudsman, public and legal sectors, identifying opportunities for collaborating and sharing knowledge and best practice. They helped establish the Ombudsman Association EDI steering group and co-chaired the group's first meeting in May 2022.
- LeO will continue to look at opportunities to engage with regulators and legal service providers to improve feedback to the profession, particularly service providers with protected characteristics, as part of Business Plan priority three.

3. Diversity and inclusion training

- The board and executive team received inclusive leadership training during 2021/22, helping to increase their ability and confidence in embedding EDI across LeO. Between March and May 2022, training was delivered to managers, team leaders and level two ombudsmen, focusing on increasing awareness of bias in recruitment, performance management and progression; the importance of an inclusive culture in LeO; and practical actions managers can take to promote this.
- LeO has reviewed and updated its current induction and learning and development programme to include focus on EDI issues, introducing a new two-hour induction for our new employee cohort in July 2021 focusing on EDI, inclusivity and reasonable adjustments. This has supported LeO's people to provide an accessible and inclusive service, as well as a feeling of inclusivity within LeO.
- In response to key feedback from staff consultation sessions, LeO is planning further training around supporting neurodiverse staff and customers.

4. EDI reporting

- In 2021/22 the EDI manager developed an agreed dataset and a baseline diversity data which will now be shared regularly with the OLC board. This will help assess potential or actual bias and barriers facing our staff and service users, provide assurance that we are delivering our Equality Priority Objectives, help identify any critical issues and inform future planning. This will be undertaken in conjunction with the newly-appointed OLC board EDI sponsor, Dale Simon.
- LeO will also use data to provide assurance that LeO is compliant with legislative requirements, that it understands its workforce and is consistently working towards becoming a diverse and inclusive organisation. This includes qualitative data collected through employee feedback, surveys, focus groups and staff networks. LeO will also assess how far it is attracting, selecting and retaining applicants from a diverse range of backgrounds.
- Agreed datasets and baseline data have also been established for those using the Legal Ombudsman. Going forward, this can be used to identify potential accessibility issues or differences in outcome. LeO will monitor any significant changes of working practices or business processes which could raise EDI issues.

Supporting LeO customers

People access legal services at significant times in their lives, and needing to make a complaint can exacerbate an already-stressful event. This means it is likely many people using LeO's service each year are, or are at risk of, experiencing vulnerability of some kind. This extends beyond consumers of legal services to service providers, who may also be experiencing challenges that require empathy and support from LeO.

LeO's EDI manager has had oversight of the whole customer journey through this lens. They have carried out an end-to-end review – spanning online enquiries to service complaints – focused on ensuring LeO is not only meeting its legal duty to make reasonable adjustments to our service, but that, more broadly, it is doing all it can to provide the support people need. Customer satisfaction measures (see page X) are regularly reviewed with a specific focus on EDI issues, with feedback provided regularly to relevant staff.

In 2022/23 LeO will be working to build its capacity to respond effectively and consistently to customers' needs for adjustments and wider support. This will include refreshing internal guidance, creating additional vulnerable customer champions and a support network for staff, providing additional training and creating a multidisciplinary team to deal with the most complex cases.

The EDI manager will continue to work with other similar schemes to share experience and best practice, including in their capacity as co-chair of the Ombudsman Association EDI network. They will also continue to engage with regulators, following their participation in 2021/22 in an SRA roundtable focused on vulnerable consumers' experience.

Sustainability report

OLC and LeO are committed to working with suppliers and employees to ensure we take

proper account of the impact of our activities on the environment and the communities we work within.

By the end of 2021/22, a hybrid working model was in place, and in future staff will work 40% of their time in the office (including at one of our hubs as these are extended) and 60% at home. However, during the year LeO continued to follow Government guidance around working from home, pausing our return to the office where necessary. This means our environmental impact in 2021/22 may not be a reliable baseline against which to judge that of future years.

There are a number of IT initiatives which contribute to reducing environmental impact. Staff have been provided with significant equipment, such as secondary screens, to enable effective home working and minimise the amount of travel to the office. LeO has moved to cloud-based servers minimises requirements for air-conditioned server rooms, and benefits from environmental efficiencies from economies of scale. Printers require users to select printing, minimising actual printing as often earlier printing is not required. The IT team reuse existing IT equipment packaging when sending equipment to staff.

Because the Legal Ombudsman hasn't historically reported on a wide range of sustainability measures, some information required this year has not been recorded, either completely or partially. LeO will work over the coming year to ensure we are collecting and monitoring the data we need to assess our sustainability performance, drawing on both requirements and good practice.

Minimum reporting requirements:

- Mitigating climate change: working towards Net Zero by 2050;
- Minimising waste and promoting resource efficiency;
- Reducing our water use;
- Procuring sustainable products and services;
- Nature recovery and biodiversity action planning;
- Adapting to climate change; and
- Reducing environmental impacts from ICT and Digital.

Scope 1 emissions – boilers and air conditioning. Analysis of gas consumption.

Scope 2 emissions –

Scope 3 Travel – we can report on this (no fleet vehicles, and minimal car and train business travel)

Waste.

Paper use

Waste minimisation

Water consumption.

Other reporting

Capital expenditure

In 2020/21 the OLC had a capital expenditure budget of £250k allocated by MoJ. Our estimated requirements at the start of the year was £190k. Total expenditure was £147k.

The capital investment included IT infrastructure and equipment, office equipment, and case management system (CMS) enhancements.

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 deal with payment queries promptly, ensuring any undue delay is notified to the supplier in a timely fashion. 67% of invoices were paid within agreed terms in (2020/21: 34%) and the average number of days taken to pay creditors was 31 days (2020/21: 39 days).

The challenges of remote working had a significant impact on the timeliness of paying purchase invoices in 2020/21. Improvements in internal processes around authorising of invoices, and following up in a timely manner has contributed to this significant improvement.

In Q4 weekly payment runs were introduced to reduce the likelihood of invoices missing their due date by a few days, and these are expected to deliver further improvements in 2022/23.

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 government functional standard is to set the expectations for the management of fraud, bribery and corruption risk in government organisations. The Functional Standard(s) for Counter Fraud were 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. The standard applies to all government departments and their Arm's Length Bodies (ALBs).

The OLC has been working 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 the GovS Annual Assurance Checklist is used to assure financial processes and checked by the MoJ Counter Fraud Centre of Excellence.

In 2022/23 a Counter Fraud strategy will be developed to set the direction and desired outcomes relating to counter fraud, bribery and corruption

Cyber security

Since moving to homeworking a layered approach to cyber security has been used, concentrating on devices, infrastructure, user awareness and monitoring.

The strategy has been to add protection in layers to complement existing tools and techniques. The primary risks faced from increased homeworking are user carelessness and external attacks (particularly phishing attempts). An advanced email spam filter protects our organisation from malicious emails. This has proven to be key part of our security mechanism as most cyber attacks are initiated through this channel.

During 2021/22 LeO implemented an automated cloud protection tool (SAAS) which monitors the Office 365 environment for suspicious behaviours such as password attacks, data exfiltration and deletion and access to restricted files and data. This tool has played a vital role in the prevention of malicious attacks and monitoring of resources in the cloud.

Looking ahead

Our 2022/23 Business Plan priorities: summary
Priority One: Support our people to perform at their best
Priority Two: Deliver improvements to streamline handling of complaints and deliver a more proportionate service focused on early resolution
Priority Three: Develop learning and insight mechanisms to increase impact of work and support improvements in the sector for providers and consumers

Continuing LeO's performance recovery

2022/23 is the second year of LeO's performance recovery journey. The improvements and innovations developed in 2021/22 not only had an impact in that year, but have also shown their potential for further success in improving the level of service provided. In summary, based on LeO's current assumptions and forecasts:

- 2022/23 will see an increase in total case closures to more than 10,000 – a 39% increase on 2021/22, and well over double the rate achieved in 2020/21. This is the key turning point in reducing the PAP and starting to reduce customer journey times.
- By the end of 2023/24, LeO's overall output will remain at similar levels (approximately 9,700 case closures).
- By March 2024, the PAP will be between 500 and 1,000 cases; cases will only be waiting 4 to 6 weeks for cases to be accepted for investigation; and over 60% of cases will be dealt with in an average of around 120 days (90 days plus 30 days or one month in the PAP).

- The PAP will be reduced to a working level in 2024/25. LeO’s ambition is that this will result in an average 90-day turnaround for most cases.
- With higher levels of early resolution and proportionality, average overall customer journey times will continue to reduce at significant rates, and in time there will be a reduction in unit cost (cost per case).

Fundamental to delivering these aims is ongoing investment in LeO’s people. Plans include continuing to invest in onboarding, training and retention (see page X); supporting managers to help their people reach their best performance; reviewing our offer as an employer; investing in engagement, wellbeing and EDI (see page X); and exploring the potential to be a national employer, using a hub model (see page X).

LeO will also develop the learning and insight it offers, helping more complaints either to be resolved without LeO’s involvement or prevented altogether.

As LeO’s performance continues to recover, the OLC and LeO will consider how we can meaningfully resort on progress against objectives and priorities going forward, engaging with stakeholders about this.

[Graphic: PAP trajectory to March 2024]

2022/23 budget

The 2021/22 Business Plan set out a multi-year approach to improving the Legal Ombudsman’s performance, and to its budget, reflecting investment in investigation teams over two years.

The final budget reached for 2022/23 involves broadly the same level of investment we originally anticipated over the two-year recovery journey and is in line with an inflation level increase. Due to the underspend in 2021/22 – which LeO and the OLC have confidence will not arise in future years – this investment is split differently across years one and two. Overall, over the two years, LeO will deliver more at a lower cost than originally anticipated.

The investment made will generate efficiencies in the coming year and beyond. It will result in a quantifiable impact on LeO’s performance, enabling it to deliver the gear-change required to reach a sustainable level of performance that meets customers’ expectations within an acceptable timeframe.

	Original two-year plan	Updated two-year plan	Variance
2021/22 (forecast)	£14,471,000	£13,587,000	-6%
Budget 2022/23	£15,024,000	£15,317,000	2%
Total budget	£29,495,000	£28,904,000	-2%

Cases resolved 2021/22	7,057	6,369	-10%
Cases resolved 2022/23	7,962	10,244	29%
Total cases resolved	15,019	16,613	6%
Unit cost 2021/22	£2,051	£2,133	4%
Unit cost 2022/23	£1,887	£1,495	-21%
Average unit cost	£1,964	£1,740	-8%

DRAFT

2 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 2021/22 internal audit opinion.

DRAFT

2. 1 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 handling complaints about the legal service providers in England and Wales. The aim of the scheme is to fairly and effectively resolve complaints between consumers and service providers. 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 joined the organisation as Chief Ombudsman and Accounting Officer in 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, whilst 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.

Board members’ biographies can be found at [\[link\]](#)

Member	Term of appointment
Elisabeth Davies Non-executive director OLC Chair	From 1 April 2020 to 31 March 2023
Elisabeth Bellamy Non-executive director Member of RemCo	From 1 March 2018 to 28 February 2022 and reappointed 1 March 2022 to 28 February 2023
Rod Bulmer Non-executive director Member of RemCo	From 1 April 2019 to 31 March 2022 (resigned 31 July 2021)
Annette Lovell Non-executive director Member of ARAC	From 1 March 2018 to 28 February 2021 and reappointed 1 March 2021 to 28 February 2023
Jane Martin Non-executive director Chair of RemCo	From 1 May 2018 to 30 April 2021 and reappointed 1 May 2021 to 30 April 2024

Commented [SG14]: Visual

Commented [SG15]: We are seeking clarity from auditors about whether we need to include term end date

Harindra Punchihewa Non-executive director Chair of ARAC	From 1 October 2020 to 30 September 2024
Alison Sansome Non-executive director Member of RemCo and ARAC EDI Board Sponsor Lead	From 1 August 2021 to 31 July 2024
Dale Simon Non-executive director	From 1 August 2021 to 31 July 2024
Martin Spencer Non-executive director Member of ARAC	From 1 August 2021 to 31 July 2025

Registration of interests

The OLC board members' register of disclosable interests can be found at [\[link\]](#)

Data incidents

Commented [SG16]: Tbc

Auditors

The MoJ provides internal audit services, through the Government Internal Audit Agency (GIAA) to the OLC. During 2021/22 the cost of audit work was £44,000 +VAT (2020/21: £43,000). 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 2022 the C&AG has estimated the costs at £40,000 (2020/21: £40,000). The services provided by the C&AG staff relates 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 31 March 2022, the OLC has enough cash resources to meet anticipated expenditure for financial year ending 31 March 2023 and other net liabilities.

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 responsibility

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; and
- 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 the 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

Accounting Officer

X July 2022

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 major risks, risk management processes, and the effectiveness of the governance and risk arrangements.

In all its work, the OLC has had regard to 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 One of this report sets out the primary ways it meets these objectives.

The Head of Finance has worked with the finance team to improve the financial governance and reporting throughout the year. The executive team have been supported to both develop their knowledge and understanding of financial issues, but also enable them to question and challenge the financial reporting. To provide resilience, a finance manager was

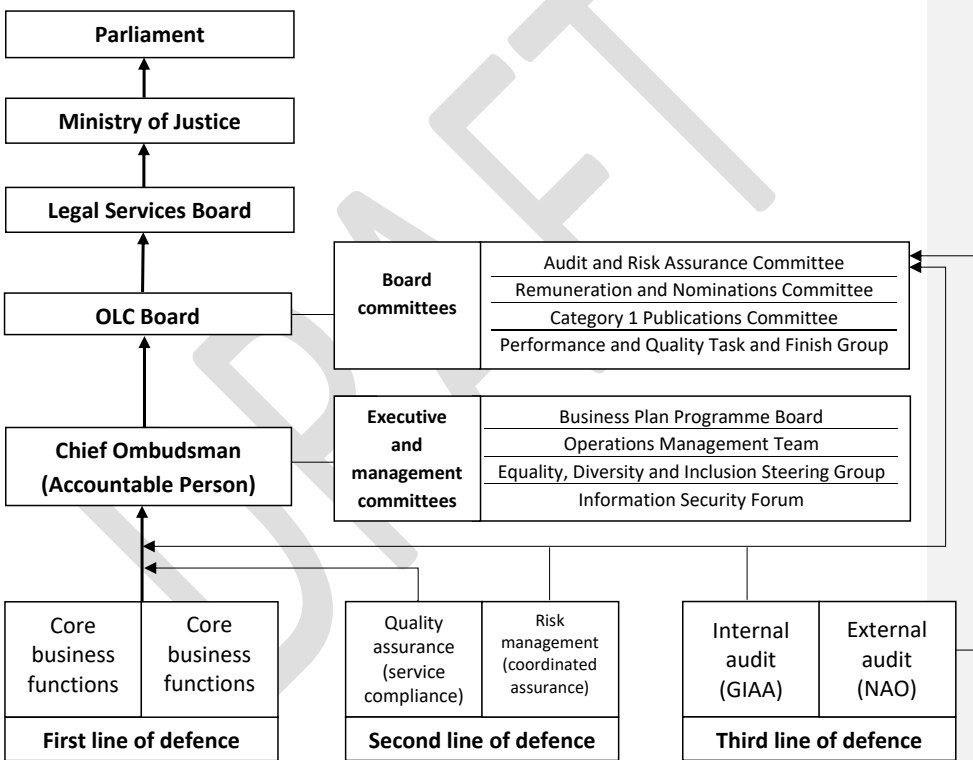
appointed in 2021/22. A key focus of their role has been to strengthen the monthly financial review process, and collaborate with budget holders on monthly forecasting.

Regular reporting to the OLC Board has continued to take place in 2021/22, and the Chair of ARAC has sought, and received, further information as required to provide them with assurance of appropriate financial management.

As outlined on page X, internal audit opinion for 2021/22 was that the OLC has “continued to establish a stable leadership structure that has injected motivation and confidence across the organisation”.

Governance framework and management structure

Commented [SG17]: Following Elisabeth's review and feedback we will be making updates to this graphic to show management team in its own right, command team and possibly others to emphasise point made at ARAC around significant level of assurance



Tripartite Operating Protocol

The OLC is a statutory body accountable to both the Ministry of Justice and the Legal Services Board. The [Tripartite Operating Protocol](#), updated in 2020, sets out how the MoJ, LSB and OLC will work together to discharge their respective responsibilities.

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*': They are:

- Purpose, including clarity about responsibility, accountability and alignment of objectives.
- Assurance, including that there will be a proportionate approach to assurance, robust governance arrangements, and management information exists to enable assessment of performance.
- Value, including the sharing of skills and expertise between parties to enhance the impact of each, a focus on innovation, and delivering value for money.
- Engagement, including that governance follows partnership approach where relationships are open, honest, constructive and based on trust, respecting statutory roles and the day-to day operating arrangements of each party.

To support good communication, the LSB, MoJ and OLC are committed to minimising the risk of inconsistent or conflicting messages within or between organisations; for efficiency, to use three-way meetings to cover shared interests; and wherever possible, to ensure advance consultation around planned. public announcements that affect the interest of other parties.

Tripartite Operating Protocol: key accountabilities	
Office for Legal Complaints	<ul style="list-style-type: none"> • Accountable to MoJ for its oversight of the Legal Ombudsman scheme • Must appoint a Chief Ombudsman (who may or may not be Chief Executive/Accounting Officer), setting their performance objectives and conducting annual performance appraisals; • Accountable to the LSB for its administration of the Legal Ombudsman scheme; • Accountable to Parliament for its Annual Report and Accounts; • The Accounting Officer is separately accountable to the MoJ for the OLC's performance as an ALB,

	particularly in relation to Managing Public Money and delivering value for money as a statutory body.
Legal Services Board	<ul style="list-style-type: none"> • Accountable to the Lord Chancellor for the performance of its statutory duties, including those which it has in relation to OLC. • Accountable to Parliament (via the Minister) for appointing an OLC Chair and Board members, and for oversight of the OLC Board's performance in delivering their statutory functions; • Accountable (via its Accounting Officer) to MoJ and ultimately Parliament for its use of public money; and • Responsible for approving OLC's budget.
Ministry of Justice	<ul style="list-style-type: none"> • Accountable (via Principal Accounting Officer) to Parliament for the OLC's effective and efficient use of public money; • Designating an Accounting Officer for the OLC; • Responsible for approving the LSB and OLC leviable amount and case fees; and • The Lord Chancellor is accountable to Parliament for the performance by LSB of its statutory duties, including those which the LSB has in relation to OLC.

Three lines of defence model

As the chart on page X shows, the OLC's Governance Framework follows the "three lines of defence" model. This framework is published in full on [LeO's website](#).

On the first line, executives and operational managers are responsible for ensuring the appropriateness of policies, procedures and processes in their respective areas. All the executives report to the Chief Ombudsman, who is accountable to the OLC Board.

The second line of defence consists of the Quality Assurance (service compliance) and Risk Management functions. The role of Quality Assurance is to ensure working practices in the

General Enquiries, Resolution Centre and Front-End Teams are meet the required quality standards of the Legal Ombudsman Scheme Rules. The Deputy Chief Ombudsman is responsible for quality assurance of the core business functions and reports to the Chief Ombudsman, who is accountable to the OLC Board.

The Head of Programme Management and Assurance has executive responsibility for ensuring effective risk management practices are implemented across the organisation. This includes supporting “risk owners” to report adequate risk-related information in accordance with OLC risk appetite and risk tolerance levels. Risk management activities are reported to the Board Audit and Risk Assurance Committee (ARAC).

ARAC receives a risk assurance report showing the latest position on strategic risks, the status of internal audits and the progress that has been made on actions arising from them, and any escalated risks from business units. The OLC board receives an update on strategic risks as part of the annual strategic risk update paper.

In the third line of defence, the Government Internal Audit Agency (GIAA) provides internal audit services to the OLC, and the National Audit Office (NAO) carries out annual statutory audits. Internal audit provides the OLC Board and the Accounting Officer with independent assessments of the system of governance, risk management and control, and its work informs the annual governance statement which forms part of the Annual Report and Accounts (see page X).

The National Audit Office audits the financial statements of the OLC to get reasonable assurance that they are free from material misstatement, whether caused by fraud or error. The NAO Comptroller and Auditor General issues an Audit Certificate setting out their opinion on the financial statements and any other matters. This Certificate forms part of the Annual Report and Accounts which are laid before Parliament each year (see page X). Together with the audit report, the NAO also issues a Management Letter highlighting any issues. The Chief Ombudsman has overall executive responsibility for ensuring that an effective action plan is put in place to address any reported issues.

To ensure it effectively discharges its statutory duties and makes high-quality decisions, the OLC board has established three Committees which make recommendations to the Board. It has also established a Performance and Quality Task and Finish Group.

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 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.

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. Therefore, 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.

Along with formal governance relationships, the OLC has a broad range of external stakeholders encompassing regulators, other ombudsman schemes and complaint handling bodies, professional associations, service providers and representatives of legal services consumers. The OLC has working arrangements in place with all of the frontline regulators of legal services, which are set out in a series of Memoranda of Understanding which [are available on LeO's website](#). As set out on page X, LeO shares regular data and insight with regulators to help them understand complaint trends in the areas of law and providers under their remit.

In 2021/22 the OLC has continued to focus on ensuring a high level of transparency in its relationships, with a particular focus on the Legal Ombudsman's ongoing performance recovery and confidence levels in its forecast trajectory.

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 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. The Board last commissioned an external independent review in September 2018, which reported to the Board in March 2019. The next full external effectiveness review will take place in the summer of 2022.

During 2021/22 the Board continued to prioritise its own effectiveness. In particular, a workshop was held in early September 2021 to bring together longer standing and newly-appointed Board members, and explore preferred ways of working for the refreshed Board membership. The workshop was led by an external facilitator and considered:

- How members see OLC's challenges for them as a Board
- Taking into account past experiences
- Anticipating what needs to change for the future
- And what is each person's offer (skills/experience) in the light of those challenges.

In addition, the Board continued to progress actions arising from a Board effectiveness update considered in September 2020, and which took account of two external pieces of work: the main conclusions and draft action plan relating to a Board effectiveness review which had been externally facilitated by Ed Nally in March 2019; and the seven relevant recommendations relating to board effectiveness from an Independent Review completed in October 2019 by Ron Barclay Smith.

Board effectiveness actions also included wider reflections and recommendations for action from the OLC Chair, including a revised focus and frequency of Board meetings in 2021/22; plans for a strategy away day; plans in relation to Board development including a dedicated board seminar; and the future of board leads.

Since this time the Board has continued to recognise the importance of its own development alongside demonstrating a commitment to improving its effectiveness. These have included:

- Holding two externally facilitated half day board seminars dedicated to board development.
- With the support of the LSB, appointing three new board members and held meaningful and well-received induction sessions.
- Revisiting and closing the relevant actions from the independent review.
- Committing to attending inclusive leadership training as part of the organisational-wide commitment to EDI.
- Carrying out a review of its Remuneration and Nominations Committee, resulting in revised terms of reference.
- Reviewing and updating the membership of all board committees.
- Appointing a new Board Sponsor for EDI.
- Re-establishing its Performance and Quality Task and Finish Group.

Each member of the Board receives an annual competency-based appraisal of their performance in quarter four, with appraisals shared with the Legal Services Board. In advance of every Board meeting the Chair identifies a Board member to feed back at the end of the meeting on its effectiveness, asking: Which session has worked particularly well during the board meeting and why? Which paper was particularly useful and why? Where would you suggest there is learning and value in doing things differently in the future? Findings are minuted and reviewed in the next planning meeting. In 2021/22 changes/improvements have been made to:

- The quality of written papers
- Better use of executive summaries
- Agendas that are better-structured with a clearer focus on the experience of staff and LeO’s customers
- Better use of pre-Board sessions and open lunches with staff to ensure greater visibility of the Board among LeO colleagues.

OLC Board

Rules of procedure	Published in full at www.legalombudsman.org.uk/media/owld0cbf/olc-rules-of-procedure_october-2021.pdf
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Key documents	<p>The OLC receives reports for approval, decision or information as necessary, including:</p> <ul style="list-style-type: none"> • Performance against targets • Progress against business plan milestones • Performance against key efficiency measures • Management information relating to use of resources compared to budgets, cash flow and balance sheet movements • The management of key risks • The management of relationships with other bodies • Progress and status of major projects.
Focus areas and activities in 2021/22	<ul style="list-style-type: none"> • Providing scrutiny and challenge around progress against the 2021/22 Business Plan and budget, including case resolutions, PAP-reduction activities, recruitment and attrition and budget underspend. • LeO's evolving approach to forecasting and performance reporting, including assurance around accuracy and robustness. • The development and approval of the 2022/23 Business Plan and budget, including the budget acceptance criteria submission to the LSB. • The development of a new EDI strategy, action plan and steering group. • Review of the quality assurance framework and developments in actions arising. • Proposals for changes to the OLC's scheme rules, the impact of these on LeO's performance and customer service and associated stakeholder engagement. • Results of the 2021 Civil Service People Survey. • The return of staff to the office and LeO's developing hybrid working approach in view of changing pandemic-related guidance. • Lessons learned from the 2020/21 Annual Report and Accounts process. • The review and update of the OLC Board and Committees' operating framework and terms of reference.

OLC committees

Audit and Risk Assurance Committee

Terms of reference	Published in full at www.legalombudsman.org.uk/media/ndblwd5w/ arac-terms-of-reference.pdf
Summary of role	<ul style="list-style-type: none"> • To support the OLC and the Board by independently reviewing and monitoring the comprehensiveness and reliability of assurances about governance, risk management, the control environment and the integrity of the financial statements. • To liaise with internal and external auditors to obtain their views on risks, controls, accounting standards and financial statements. • To offer advice and constructive challenge on assurance and compliance matters where appropriate.
Key documents	<p>For each meeting the Committee is provided with:</p> <ul style="list-style-type: none"> • A report containing an update of risks falling within the OLC's risk assurance framework. • An update from the internal audit manager. • A report from the external audit manager. • A report on any breaches or non-compliances. • A report on data-handling incidents. • Assurance reports on different subjects as per the annual calendar. <p>From time to time, the Committee receives:</p> <ul style="list-style-type: none"> • A report on any proposals to tender for audit functions. • The draft statement of accounts.
Key activities and focus areas in 2021/22	<ul style="list-style-type: none"> • The identification, movement and management of strategic risks and issues relating to the delivery of LeO's objectives and commitments to customers in 2021/22. • Approach to financial forecasting and mitigating the risk of future underspend. • The budget-setting process for 2022/23, including the robustness of underpinning assumptions and trajectories and how these would be monitored. • Developing LeO's risk appetite and tolerances. • Approving the Internal Audit plan. • Internal Audit reports as per the approved plan. • Review of the External Audit proposal and the plan • Review of the progress made in delivering the internal and external audit plans. • Lessons learned from the 2020/21 Annual Report and Accounts process. • Annual reviews, incidents and frameworks relating to information rights and security, data protection, cybersecurity and health and safety compliance.

	<ul style="list-style-type: none"> • The revised expenses policy. • Review of Business Continuity plan. • Private meetings with both sets of auditors.
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Remuneration committee	
Terms of reference	Published in full at www.legalombudsman.org.uk/media/s3ylthg4/remco-terms-of-reference.pdf
Summary of role	<ul style="list-style-type: none"> • To provide further non-executive assurance to the OLC Board that the Legal Ombudsman is complying with its employer-related responsibilities, and that a strategic HR policy framework is in place to deliver the organisational objectives agreed by the board. • To ensure that the Legal Ombudsman has suitable arrangements to remunerate its senior staff, including the Chief Ombudsman, and to oversee arrangements for senior appointments and succession planning. • To undertake audits or 'deep dives' on specific areas of people-related activity as requested by the Board.
Key documents	<ul style="list-style-type: none"> • Policies that underpin good employee relations activity and mitigate against the risk of legal challenge in employment tribunals – in particular, those relating to redundancy, disciplinary, capability, absence and probation. • Policies relating to employment law compliance, such as mandatory reporting (eg Gender Pay Gap), and those relating to wider EDI reporting obligations.
Key activities and focus areas in 2021/22	<ul style="list-style-type: none"> • Development and implementation of the People Plan and Strategy. • Annual meeting with LeO's Staff Council. • Civil Service Survey results. • Approach to recruitment, retention and attrition and impact on 2021/22 Business Plan delivery. • Reward and recognition approach, including review of the bonus scheme. • Executive pay for 2021/22. • New performance management framework and supporting policies, including probation, appraisal, performance improvement, sickness absence, disciplinary and grievance. • Structural changes in the HR function. • Gender pay gap report.

	<ul style="list-style-type: none"> • Annual health and safety compliance report, and revised health and safety policy.
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Performance and Quality Task and Finish Group	
Summary of role	<p>Rather than being a standing committee with ongoing delegated responsibilities, the committee focuses on specific aspects of performance and quality as required and in relation to the budget and business planning cycle. Its role includes:</p> <ul style="list-style-type: none"> • Providing assurance to the Board that the OLC has a MacPherson-compliant, effective forecasting model, and that a suitable framework is in place for making the underpinning assumptions to ensure effective delivery of the organisational objectives; and providing challenge and advice to the Executive on improvements to and reporting from the model. • Overseeing the development of appropriate performance reporting for presentation to the Board • Supporting the creation of an agreed suite of data to share with external oversight bodies. • Overseeing the development of the resourcing requirement for the future, including the basis for an in-year budget resubmission.
Key documents	<ul style="list-style-type: none"> • Legal Ombudsman Business Plan and BYudget assumptions. • Forecast trajectories for case closures, PAP reduction and performance recovery. • Performance reporting data
Focus areas and activities in 2021/22	<ul style="list-style-type: none"> • Conducting a deep dive into LeO’s forecasting model in respect of the 2021/22 and 2022/23 Business Plan and Budget, providing assurance/advice on necessary improvements and determining the need for external validation/audit/input. • The timescales and impact of activities contributing to performance improvement. • How complaint resolution figures are counted and the impact of this – specifically, the inclusion of early resolution closures. • Considering and agreeing the performance reporting to be shared with external oversight bodies • Considering and agreeing the process for setting KPIs.

Category One Publications Committee

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 details where we have identified a serious risk to the public from a particular legal service provider. The Committee did not meet in 2021/22. However, as part of the ongoing focus on the transparency of LeO's work, further consideration will be given to how better use can be made of this discretion, as well as doing more to share the insight LeO has into the causes of legal complaints and the impact of LeO.

Attendance at OLC Board and Committees

Member	Committee membership	Attendance at OLC Board meetings, seminars and workshops	Attendance at ARAC meetings	Attendance at RemCo meetings
Elisabeth Davies	Observer at ARAC and RemCo as OLC Chair	10/10	5/5	3/3
Elisabeth Bellamy	RemCo	10/10	N/a	3/3
Rod Bulmer	RemCo Co-opted to ARAC to ensure the quoracy of the May and July 2021 meetings.	2/3	2/2	1/1
Annette Lovell	ARAC	10/10	4/5	N/a
Jane Martin	RemCo (Chair)	9/10	N/a	3/3
Harindra PUNCHIHEWA	ARAC (Chair)	10/10	5/5	N/a
Martin Spencer	ARAC	6/7	3/3	N/a
Alison Sansome	ARAC RemCo	7/7	3/3	2/2
Dale Simon	N/a	7/7	N/a	N/a

Risk management and risk assurance

The chart below shows how the Legal Ombudsman manages risk, from identifying risks to reporting on them. At the risk-reporting part of the process, a bespoke risk dashboard is

shared internally, and is used as the management and executive teams’ reporting tool. As an ALB LeO’s arrangements are in line with relevant guidance, including the Orange Book.

<p>Step 1: identification</p>	<ul style="list-style-type: none"> • All staff in the Business can identify and raise a risk. The key stakeholders involved in the identification process are: <ul style="list-style-type: none"> ▪ Individual members of staff ▪ Risk managers ▪ Head of Programme Management and Assurance ▪ Management team and executive team
<p>Step 2: evaluation</p>	<ul style="list-style-type: none"> • Monthly review of risks and internal audit actions • Led by risk managers and Head of Programme Management and Assurance • Report to management team and executive team
<p>Step 3: handling</p>	<ul style="list-style-type: none"> • Led by risk owners - identify, review and update against mitigations • Supported by risk manager and Head of Programme Management and Assurance
<p>Step 4: reporting</p>	<ul style="list-style-type: none"> • Risk dashboard and commentary shared with management team and executive team • Risk assurance reports produced quarterly for ARAC • Annual strategic risk workshop with OLC board (Q4) • Led by risk manager and Head of Programme Management and Assurance

Commented [SG18]: This will be a graphic

Risk management processes are open to scrutiny and challenge at quarterly ARAC meetings. All actions from the 2020/21 risk management audit have been concluded and the risk management policy is next due for review in July 2022.

The executive team began work in Q4 2021/22 to develop risk tolerances and appetites to further enhance risk reporting. The risk manager will lead this work and reporting to ARAC and board going forward.

The Performance Report from page X to X details the specific strategic issues and risks that were managed during the year.

Internal audit: GIAA annual report and opinion

GIAA provided their internal audit annual opinion and report for 2021/22, providing a moderate opinion on the framework of governance, risk management and control. This is a marked improvement on the limited opinion provided in 2020/21 and an overall rating in line with some 85% of organisations audited. The opinion noted strong controls found

across the areas of their work, reflected in majority moderate and substantial rated opinions. GIAA stated:

“During 2021/22, the Office for Legal Complaints (OLC) has continued to establish a stable leadership structure leadership structure that has injected motivation and confidence across the organisation. Our audit work has identified numerous improvements, implemented by the executive team and management, during the year in key areas of operational performance, corporate governance and strategic change.”

Recommendations across audits identified a need to strengthen controls, governance and assurance structures in some specific areas, and identified weaknesses in the maintenance of up-to-date documentation of policies and guidance, along with providing adequate training and effective assurance reporting. These were common findings across the areas of audit, although mostly in areas already identified by the executive or where action was planned. As Accounting Officer, I welcome GIAA’s assessment and improvements identified in its report, which will be addressed in the coming year.

Conclusion

As Accounting Officer I am satisfied that the OLC has maintained a functional overall standard of financial governance and control.

Paul McFadden

Chief Ombudsman and Accounting Officer

X July 2022

2.2 Remuneration and staff report

Commented [SG19]: See separate doc

Appointment and terms of OLC Board members

Board remuneration (audited)

Executive remuneration (audited)

Staff number and related costs

Average number of persons employed (audited)

Gender pay

Staff policies applied during the year

**Reporting of Civil Service and other compensation –
exit packages (audited)**

Staff sickness

Pensions

Consultancy (audited)

Off-payroll engagements (audited)

2.3 Parliamentary accountability and audit report

Regularity of expenditure (audited)

Losses and special payments

Gifts

Remote contingent liabilities

Financial instruments

Long-term expenditure trends

Fees and charges

DRAFT

2. 4 Certificate and report of the Comptroller and Auditor General to the Houses of Parliament and Lord Chancellor

[To be provided by NAO]

DRAFT

3 Financial Statements

Commented [SG20]: See separate doc

DRAFT

Statement of comprehensive net expenditure

DRAFT

Statement of financial position

DRAFT

Statement of cash flows

DRAFT

Statement of changes in taxpayers' equity

DRAFT

Notes to the financial statements

1. Statement of accounting policies

1.1 Accounting convention

1.2 Going concern

1.3 income

1.4 Grants

1.5 Property, plant and equipment

1.6 Intangible assets

1.7 Impairment and revaluation policy on non-current assets

1.8 Leases

1.9 Value Added Tax

1.10 Pensions

1.11 Corporation tax

1.12 Provisions

1.13 Impending application of newly-issued accounting standards not yet effective

1.14 Financial instruments

2. Expenditure

3. Income

4. Property, plants and equipment

5. Intangible assets

6. Impairments

7. Trade receivable and other current assets

8. Cash and cash equivalents

9. Trade payables and other current liabilities

10. Provision for liabilities and charges

11. Capital commitments

12. Commitments under leases

- 13. Contingent liabilities disclosed under IAS 37**
- 14. Related-party transactions**
- 15. Events after the reporting period**

DRAFT

3 Appendices

DRAFT

Appendix 1: Regulatory objectives

Section 1(1) of the Legal Services Act 2007 outlines eight regulatory objectives. The Office for Legal Complaints has contributed to these in 2021/22 as set out in the table below.

	Regulatory objective	How the OLC met the objective
a	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	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.
c	Improving access to justice	Discharging our core jurisdiction by resolving complaints about legal service providers and feeding back to the profession to raise standards.
d	Protecting and promoting the interests of consumers	Publishing focus reports and guidance notes, which highlight specific issues and risks affecting consumers.
e	Promoting competition in the provision of services (provided by authorised persons)	Publishing open data regarding the number and type of complaints resolved by our scheme each year. Publishing details of all ombudsman decisions including number of decisions made against service providers, and remedy types.
f	Encouraging an independent, strong, diverse, and effective legal profession	Promoting continuous professional development through training on effective complaint handling. Publishing articles, reports, and case studies to pass on lessons learnt from complaints. Regularly attending and speaking at relevant stakeholder events.
g	Increasing public understanding of the citizen's legal rights and duties	Providing information/signposting through social media channels. Publishing a discussion paper on transparency of decision data with a view to increasing the availability of quality information for consumers.

h	Promoting and maintaining adherence to the professional principles	Making referrals to the relevant regulatory bodies where we feel there may be evidence of professional misconduct.
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**Appendix 2: Service Complaint
Adjudicators' report**

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[Back cover – CCS and ISBN]

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3.2 REMUNERATION AND STAFF REPORT

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 is key to the OLC's accountability to Parliament.

3.2.1 Appointment and termination of OLC Board members

Rod Bulmer left the OLC board on 31 July 2021.

On 30 July 2021 the LSB confirmed the appointments of three new OLC board members all with effect from 1 August 2021:

Alison Sansome (lay member)

Dale Simon (non-lay member)

Martin Spencer (lay member)

3.2.2 Board Remuneration (*subject to audit*)

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 accounts of that body.

Member	Annual Rate £'000	Year to March 2022 £'000	Year to March 2021 £'000
Elisabeth Davies (Chair)	50-55	50-55	50-55
Elisabeth Bellamy	10-15	10-15	5-10
Rod Bulmer	10-15	0-5	5-10
Shrinivas Honap	0	0	0-5
Annette Lovell	10-15	10-15	5-10
Jane Martin	10-15	10-15	5-10
Harindra Punchihewa	10-15	10-15	0-5
Dale Simon	10-15	5-10	0
Alison Sansome	10-15	5-10	0
Martin Spencer	10-15	5-10	0

The table does not include information on expenses paid to Board members.

In response to the legacy issue with PAYE and Employer National insurance contributions, all expenses related 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

In addition to the remuneration above, £6,211 of expenses was paid to Board members in 2021/22 (including accrued amounts).

A legacy issue with PAYE and Employer National Insurance contributions relating to expenses was identified and reported in the Contingent liabilities note of the 2019/20 LSB Annual Report and Accounts.

Following a voluntary disclosure to HMRC in January 2021, LSB recognised a PAYE provision of £74,100 in their 2020/21 Annual Report and Accounts to cover the liability, interest and any penalties, in line with the figure estimated in 2019/20.

The liability was confirmed in a settlement letter received from HMRC in November 2021 at a figure of £53,175 including interest of £4,676 but with no penalties or fines.

This liability was settled in full in December 2021.

3.2.3 Executive Remuneration (*subject to audit*)

Year to 31 March 2022	Role	2020/21			Annual Equivalent		
		Salary £'000	Pension £'000	Total £'000	Salary £'000	Pension £'000	Total £'000
P McFadden	Chief Ombudsman	110-115	5-7.5	115-120	110-115	5-7.5	115-120
S Strinati *	Chief Operating Officer	100-105	5-7.5	105-110	100-105	5-7.5	105-110

* S Strinati has resigned her position and will leave LeO on 13 July 2022

Comparative figures for the previous financial year 2020-21 appear in the table below.

Year to 31 March 2021	Role	2020/21			Annual Equivalent		
		Salary £'000	Pension £'000	Total £'000	Salary £'000	Pension £'000	Total £'000
R Marsh	Chief Ombudsman and Chief Executive (until 04/10/20)	65-70	5-7.5	75-80	130-135	12.5-15	140-145
M Hughes*	Acting Chief Ombudsman (5/10/20 – 10/01/21)	65-70	5-7.5	75-80	80-85	7.5-10	90-95

P McFadden	Chief Ombudsman (from 11/01/21)	20-25	0-2.5	25-30	110-115	5-7.5	115-120
B Arnold	Director of Corporate Services (until 30/09/20)	45-50	2.5-5	50-55	90-95	5-7.5	95-100
S Strinati	Chief Operating Officer (from 04/01/21)	20-25	0-2.5	25-30	100-105	5-7.5	105-110

**M Hughes was Acting Director of Operations from 01/07/20 and Acting Chief Ombudsman from 05/10/20 to 10/01/21*

	2021-22			2020/21		
	Permanent Staff	Other staff	Total	Permanent Staff	Other staff	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Staff costs						
Wages and salaries	8,622	461	9,083	8436	236	8,672
Social security costs	847	-	847	813	0	813
Other pension costs	681	-	681	664	0	664
	10,150	461	10,611	9,913	236	10,149
Exit packages	19		19	44		44
Total net costs	10,169	461	10,630	9,957	236	10,193

3.2.4 Staff Number and Related Costs

The annualised salary band of the highest-paid individual in the OLC in the financial year 2021/22 £115,000 to £120,000, mid-point £117,500 (2020/21: £130,000 to £135,000, mid-point £132,500). The mid-point of the highest paid individual's banded remuneration was 4.06 times (2020/21 4.04 times) of the median remuneration of the workforce in March 2021, which was £30,205 (2019/20 £32,833).

In 2021/22, no employees received remuneration in excess of the highest paid director (2020/21 none). Remuneration ranged between £10,287 to £120,000 (2020/21: £10,287 to £131,950) These figures exclude our piece rate workers.

The ratio between the highest paid director's remuneration and the pay and benefits of the employee on the 25th percentile of pay and benefits of the entity's employees for the financial year. [see section 3 for further guidance]

- The ratio between the highest paid director's remuneration and the pay and benefits of the employee on the 75th percentile of pay and benefits of the entity's employees for the financial year.

Lower quartile, Median, and upper quartile – The median remuneration of the reporting entity's staff is the total remuneration of the staff member(s) lying in the middle of the linear distribution of the total staff, excluding the highest paid director. Similarly, lower quartile remuneration is the total remuneration of the staff members(s) on the 25th percentile of the linear distribution and the upper quartile on the 75th percentile of the linear distribution; for

both, excluding the highest paid director. This is based on annualised, full-time equivalent remuneration as at the reporting period date. Further details on the calculations have also been included in Chapter 6 of the FReM. These calculations will not be significantly affected by large or small salaries that may skew an average (mean) – hence it is more transparent in highlighting whether a director is being paid significantly more than the lower quartile, median and upper quartile staff in the organisation.

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 upon leaving employment. This has remained the same from 2020/21 to 2021/22.

3.2.5 Average Number of Persons Employed (subject to audit)

The average number of whole-time equivalent persons employed during the year was as follows:

	2021/22			2020/21		
	Total	Permanent Staff	Other Staff	Total	Permanent Staff	Other Staff
Directly employed	250	246	4	239	235	4
Not directly employed	4	0	4	2	-	2
Total	254	246	8	241	235	6

Proposed pay changes and any revision of pay for senior managers (and for the OLC as a whole) are reviewed and approved by the Remuneration Committee.

3.2.6 Gender Pay

As at 31 March 2022, 67% of colleagues employed were women, which amounts to 214 female staff and 105 male (and 1 “prefer not to say”). There is a difference in the median salary of 9% due to a number of part time female staff.

The difference in the mean average hourly salary is 9% in favour of men. This is driven by higher paid roles (team leaders, corporate managers, operations managers, Executive) having a 51% female bias rather than the 67% bias in the overall workforce.

3.2.7 Staff policies applied during the year

Reasonable adjustment requests are agreed in consultation with colleagues and their line managers, Occupational Health and the Human Resources team.

Health & Safety issues are regularly reviewed, quarterly Health and Safety returns are made to the MoJ and an annual report provided to the OLC Board.

3.2.8 Reporting of Civil Service and other compensation – exit packages *(subject to audit)*

	Number of compulsory redundancies	Number of other Departures Agreed	Total Number of Exit Packages by Cost Band
<£10,000			
£10,000 - £25,000	1		1
£25,001 - £50,000			
Total number of exit packages	1		1
Total Cost 2021/22 / £	18,699		18,699
Total Cost 2020/21 / £	44,129		44,129

3.2.9 Staff sickness

	2021/22	2020/21
Average days per employee lost to sickness	16.0 (FTE)	12.1 (FTE)
Total number of working days lost due to sick absence	6.1%	5.1%

3.2.10 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 as part of this arrangement. There are no changes to the pension scheme provided by the Legal Ombudsman to its employees in 2021/22; it remains the same as in 2020/21.

3.2.11 Consultancy *(subject to audit)*

There was no consultancy expenditure in 2021/22 (2020/21: none).

3.2.12 Off-payroll engagements *(subject to audit)*

One individual – the Service Complaint Adjudicator – is considered an off-payroll engagement due to the independence requirement of the role. The Service Complaint Adjudicator is contracted on the basis of work delivered and is not paid a salary. No other off-payroll engagements were undertaken by the

organisation in 2021/22.

Financial statements 2021-22

(3rd May 2022)

STATEMENT OF COMPREHENSIVE NET EXPENDITURE

For the year ending 31 March 2022

		2021-22		2020-21	
		£'000	£'000	£'000	£'000
Income	Note				
Income from operating activities	3		(13,757)		(13,162)
Total Income			(13,757)		(13,162)
Staff costs	2	10,630		10193	
Depreciation, amortisation and impairment	4, 5	559		280	
Provision expense	10	-		11	
Other operating expenditure	2	2,567		2680	
Total operating expenditure	2		13,756		13,164
Net operating expenditure			(1)		2
Interest & Charges			1		(2)
Taxation			-		-
Net expenditure after interest and taxation			-		-

All expenditure is derived from continuing activities.

There has been no other comprehensive expenditure in the year.

STATEMENT OF FINANCIAL POSITION

As at 31 March 2022

		31 March 2022		31 March 2021
		£'000	£'000	£'000
	Note			
Non-current assets				
Property, plant and equipment	4	1,004		553
Intangible assets	5	175		295
Total non-current assets			1,179	848
Current assets				
Trade and other receivables	7	152		274
Cash and cash equivalents	8	18,616		18,301
Total current assets			18,768	18,575
Total assets			19,947	19,423
Current liabilities				
Trade and other payables	9	(248)		(353)
Provisions	10	(77)		(37)
Other liabilities	9	(1,621)		(1,032)
Total current liabilities			(1,946)	(1,422)
Total assets less current liabilities			18,001	18,001
Non-current liabilities				
Provisions	10	(264)		(264)
Total non-current liabilities			(264)	(264)
Total assets less liabilities			17,737	17,737

STATEMENT OF CASH FLOWS

For the year ending 31 March 2022

	Note	2021-22		2020-21	
		£'000	£'000	£'000	£'000
Cash flows from operating activities					
Net operating expenditure	1			(2)	
Adjustments for non-cash transactions	2	560		291	
Decrease in trade and other receivables	7	122		354	
(Decrease) in trade and other payables	9	484		(142)	
Movement in provisions	10	40			
Interest receivable/ paid		(1)		2	
Taxation		-		-	
Net cash inflows from operating activities			1,206		503
Cash flows from investing activities					
Purchase of property, plant and equipment	4	(132)		(173)	
Purchase of intangible assets	5	(15)		(71)	
Adjustments for non-cash transactions	4	(744)			
Net cash outflows from investing activities			(891)		(244)
Cash flows from financing activities					
Grants from sponsoring department		-		-	
Net cash inflows (outflows) from financing activities			-		-
Net increase in cash and cash equivalents in the year			315		259
Cash and cash equivalents at the beginning of the year	8		18,301		18,042
Cash and cash equivalents at the end of the year	8		18,616		18,301

STATEMENT OF CHANGES IN TAXPAYERS EQUITY

For the year ending 31 March 2022

	Total Reserves £'000
	Note
Balance at 31 March 2020	17,736
Grants from sponsoring department	-
Net expenditure for the year after interest and taxation	-
Notional transfer to Consolidated Funds	(13,162)
Notional receipts from Sponsor	13,163
Balance at 31 March 2021	17,737
Grants from sponsoring department	-
Net expenditure for the year after interest and taxation	-
Notional transfer to Consolidated Funds	13,757
Notional receipts from Sponsor	(13,757)
Balance at 31 March 2022	17,737

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 31 March 2022, the OLC has enough cash resources to meet anticipated expenditure for financial year ending 31 March 2023.

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 s175 for the year ended 31 March 2022 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.

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 Government grants

The net cash needs of the OLC are financed by the MoJ through the Grant in Aid regime. Grant in Aid is not shown as income, but is shown as financing in the General Reserve, in line with FReM guidance.

1.5 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 £1,000 on capital equipment and furnishings. Capital assets with a purchase cost of at least £1,000 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.

1.6 Intangible assets

Expenditure on major Information Technology (IT) projects is capitalised. This also includes expenditure on software, and any professional service costs exceeding £1,000 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.

1.7 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.

1.8 Leases

Operating lease payments are recognised as an expense and charged on a straight-line basis over the lease term.

1.9 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.

1.10 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.

1.11 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.

1.12 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.

1.13 Impending application of newly issued accounting standards not yet effective

There has been one new standard adopted in the financial year beginning 1 April 2021 as follows:

Standard	Standard to be adopted by government departments
IFRS 16 Leases	1 April 2021

IFRS 16 provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less, or the underlying asset is of low value. The assets, to be described as “right of use” assets, will be presented under Property, Plant and Equipment. The standard is effective in the public sector for accounting periods commencing on or after 1 January 2019. The MoJ Group will adopt IFRS 16 in the financial year commencing 1 April 2021, although most government bodies will adopt it during the following financial year.

IFRS 16 will be implemented using the cumulative catch-up method; as a result, comparatives will not be restated and the measurement of the asset and liability balances recognised with effect from 1 April 2021 will reflect the Group’s intentions as at that date. On the date of transition to IFRS 16, the Group will recognise a right-of-use asset and a lease liability.

The lease liability will be 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 incremental rate of borrowing advised by HM Treasury. Where the lease includes extension or termination options, the lease payments will be for the non-cancellable period together with any extension options the Group is reasonably certain to exercise and any termination options the Group is reasonably certain not to exercise.

The right-of-use asset will initially be 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. As a practical expedient for existing operating leases recognised on transition, the latter two elements will not be included in the asset value.

Where the lease requires nil or nominal consideration (usually referred to as a ‘peppercorn’ lease), the asset will instead be measured at its existing use value, with the difference between the carrying amount of the right-of-use asset and lease liability treated as notional income (or on transition, a credit to the General Fund).

Those leases currently recognised as operating leases will be converted to right of use assets and liabilities on transition to IFRS 16, with those currently recognised as finance leases transferring at their existing values.

For the material arrangements within the scope of IFRS 16, the impact of implementation is an increase in assets and liabilities of approximately £744k and £755k respectively as at 1 April 2021.

The standard increased total expenditure in 2021-22 by approximately £3k, comprising an increase of £224k in depreciation and interest costs, offset by a reduction of £221k in operating lease rental expenses.

1.14 Financial instruments

The OLC does not hold any complex financial instruments. The only financial instruments included in the Accounts are receivables and payables (notes 7 and 9)

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.

2. EXPENDITURE

Further analysis of staff costs is located in the Remuneration and Staff report on pages

	Note	2021-22		2020-21	
		£'000	£'000	£'000	£'000
Expenditure					
<u>Staff costs</u>					
Wages and salaries		9,083		8672	
Social security costs		847		813	
Other pension costs		681		664	
Exit packages		19		44	
Total Staff costs		10,630		10,193	
IT & Telecoms		1,284		1293	
Uncollectible debts		67		49	
Facilities services		219		203	
External communications		136		122	
Staff wellbeing		84		92	
Legal and professional fees		148		100	
Rentals under operating leases		33		254	
Recruitment costs		160		94	
Premises costs		257		287	
Other running costs		40		30	
Training		46		50	
External audit fees		40		46	
Internal audit fees		52		60	
Travel and subsistence		1		0	
Total cash operating expenditure		2,567		2,680	
Total cash items		13,197		12,873	
Change in dilapidations provision		-		11	
Change in other provision		-		0	
Loss / Profit on disposal of assets		-		0	
Depreciation		425		171	
Amortisation		134		109	
Interest and Charges		1			
Total non cash items		560		291	
Total		13,757		13,164	

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 2020-21 (see note 1.3).

	<u>2021-22</u>	<u>2020-21</u>
	£'000	£'000
Income		
Levy income in respect of the Legal		
Ombudsman scheme	12,637	12225
Case fee income	935	817
Other income	185	120
Total	<u>13,757</u>	<u>13,162</u>

4. PROPERTY, PLANT AND EQUIPMENT

					2021-22
	Information Technology	Right of Use Asset	Leasehold improvements	Furniture and fittings	Total
Cost or valuation	£'000		£'000	£'000	£'000
As at 31 March 2020	630		709	508	1847
Additions	115		32	26	173
Disposals					
Reclassifications					
Transfers					
At 31 March 2021	745		741	533	2,019
Additions	96	744	24	12	876
Disposals	(46)		-	(24)	(70)
Reclassifications			-		-
Transfers					-
At 31 March 2022	795	744	765	521	2,825
Depreciation					
As at 31 March 2020	528		338	430	1296
Charged in year	78		73	20	171
Disposals					
Reclassifications					
Transfers					
At 31 March 2021	606		411	449	1,466
Charged in year	86	218	97	24	425
Disposals	(46)		-	(24)	(70)
Reclassifications					-
Transfers					-
At 31 March 2022	646	218	508	449	1,821
Carrying value					
At 31 March 2022	149	526	257	72	1,004
At 31 March 2021	139		330	84	553

5. INTANGIBLE ASSETS

	Information Technology	Software Licences	Total
Cost or valuation	£'000	£'000	£'000
As at 31 March 2020	1370	584	1954
Additions	62	9	71
Disposals	0	0	0
Reclassifications			
Transfers			
At 31 March 2021	1,432	593	2,025
Additions	15	-	15
Disposals	(356)	(21)	(377)
Reclassifications	(4)	4	-
Transfers			-
At 31 March 2022	1,087	576	1,663
Depreciation			
As at 31 March 2020	1061	560	1621
Charged in year	85	24	109
Disposals	0	0	0
Reclassifications			
Transfers			
At 31 March 2021	1,145	586	1,731
Charged in year	129	5	134
Disposals	(356)	(21)	(377)
Reclassifications			-
Transfers			-
At 31 March 2022	918	570	1,488
Carrying value			
At 31 March 2022	169	6	175
At 31 March 2021	287	7	294

6. IMPAIRMENTS

There were no Impairments in 2021-22 (2020-21: none).

7. TRADE RECEIVABLES AND OTHER CURRENT ASSETS

	<u>31 March 2022</u> £'000	<u>31 March 2021</u>
Case fee receivables	38	104
Provision for case fee receivables	(20)	(12)
	18	92
Other contract receivables	-	
Other receivables	(2)	5
Intra group balances - MoJ	-	
Prepayments	136	177
Total	152	274

8. CASH AND CASH EQUIVALENTS

	<u>31 March 2022</u> £'000	<u>31 March 2021</u>
Opening balance	18,301	18,042
Net change in cash and cash equivalent balances	315	259
Closing balance	18,616	18,301
The following balances were held:		
Government Banking Services	18,616	18,301
Commercial bank accounts	-	
Total	18,616	18,301

9. TRADE PAYABLES AND OTHER CURRENT LIABILITIES

	<u>31 March 2022</u>	<u>31 March 2021</u>
	£'000	£'000
Trade payables	108	181
Other payables	140	172
Trade and other payables	248	353
<u>Intra-government balances</u>		
Taxation	110	84
Social security	139	113
VAT	10	-1
Intra group balances - MoJ	45	37
Accruals	1,428	704
Deferred income	(111)	95
Total	1,869	1,385

10. PROVISIONS FOR LIABILITIES AND CHARGES

	2021-22		
	Leasehold dilapidations	Other	Total provisions
	£'000	£'000	£'000
Balance at 1 April 2020	254	36	290
Provided in the year	11	27	38
Provisions not required written back		(27)	(27)
Provisions utilised in the year			
Correction between Classification	(1)	1	
Balance at 31 March 2021	264	37	301
correction between classification			-
Provided in the year		40	40
Provisions not required written back			-
Provisions utilised in the year			-
Unwinding of discount			-
Balance at 31 March 2022	264	77	341
Expected timing of cash flows			
Not later than one year		77	77
Later than one year and not later than five years	264		264
Later than five years			-
Balance at 31 March 2022	264	77	341

11. CAPITAL COMMITMENTS

Contracted capital commitments at 31 March 2021 not otherwise included in these financial statements amounted to nil (31 March 2020: nil).

12. COMMITMENTS UNDER LEASES

	<u>2021-22</u>	<u>2020-21</u>
	£'000	£'000

Capital commitments

Contracted capital commitments

	-	-
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Commitments under leases

Obligations under operating leases for the following periods comprise

	<u>2020-22</u>	<u>2020-21</u>
	£'000	£'000
Buildings		
Not later than one year	339	354
Later than one year and not later than five years	763	797
Later than five years		-
Total	1,102	1,151

13. 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.

14. 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 **£TBC** (2020-21: £119k). The payment for salaries of the OLC Board members for 2021-22 was **£TBC** (2020-21: £119k).

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

15. 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.

Key statistics at a glance

Case Closures



6,565
case closures
a 40% increase on 2021/22

93% of the Business Plan assumption with 85% of the FTE established resource required

Pre-Assessment Pool (PAP)



5,863
at 31 March

The PAP reduced in March 2022 and is now on course to reduce on a sustained basis from April 2022.

Investigation Times



13% reduction
(low complexity)

Average time of 87 days - a 13 day reduction on the customer journey time in 2020/21.

Customer Journey Times



In days
356 (Low)
526 (Med)
745 (High)*

Early resolution cases are 66% shorter for low complexity cases- with an average time of 37 days.

*High complexity cases account for less than **xx** cases

Investigator Productivity



26.8% increase
on 2020/21

Established investigator productivity averaged **xxxx** case closures per month

Early resolution productivity is averaging 13.6 closures per established investigator per month.

Front End Team



1,230 front-end initiative closures

36% more than anticipated. It is estimated that the front-end team will close 3,240 cases in 2022/23.

Early Resolution Pilots



Reasonable Offer Made
90% resulted in closure
Guided Negotiation
77% resulted in closure

These pilots became BAU in October 2021. 450 case closures were added to the 21/22 forecast trajectory.

Attrition Rate



2.38 average
per month

31% left having failed/about to fail probation and a further 27% who left had ongoing performance issues.

Staff Levels & Recruitment



Average of **85%** of FTE resource required

15% under-resourced due to significant challenges in the UK recruitment market.

In Q4 39 new investigators recruited after a successful national recruitment campaign.

Underspend



£779,000

Underspend in relation to recruitment challenges.

Learning & Insight

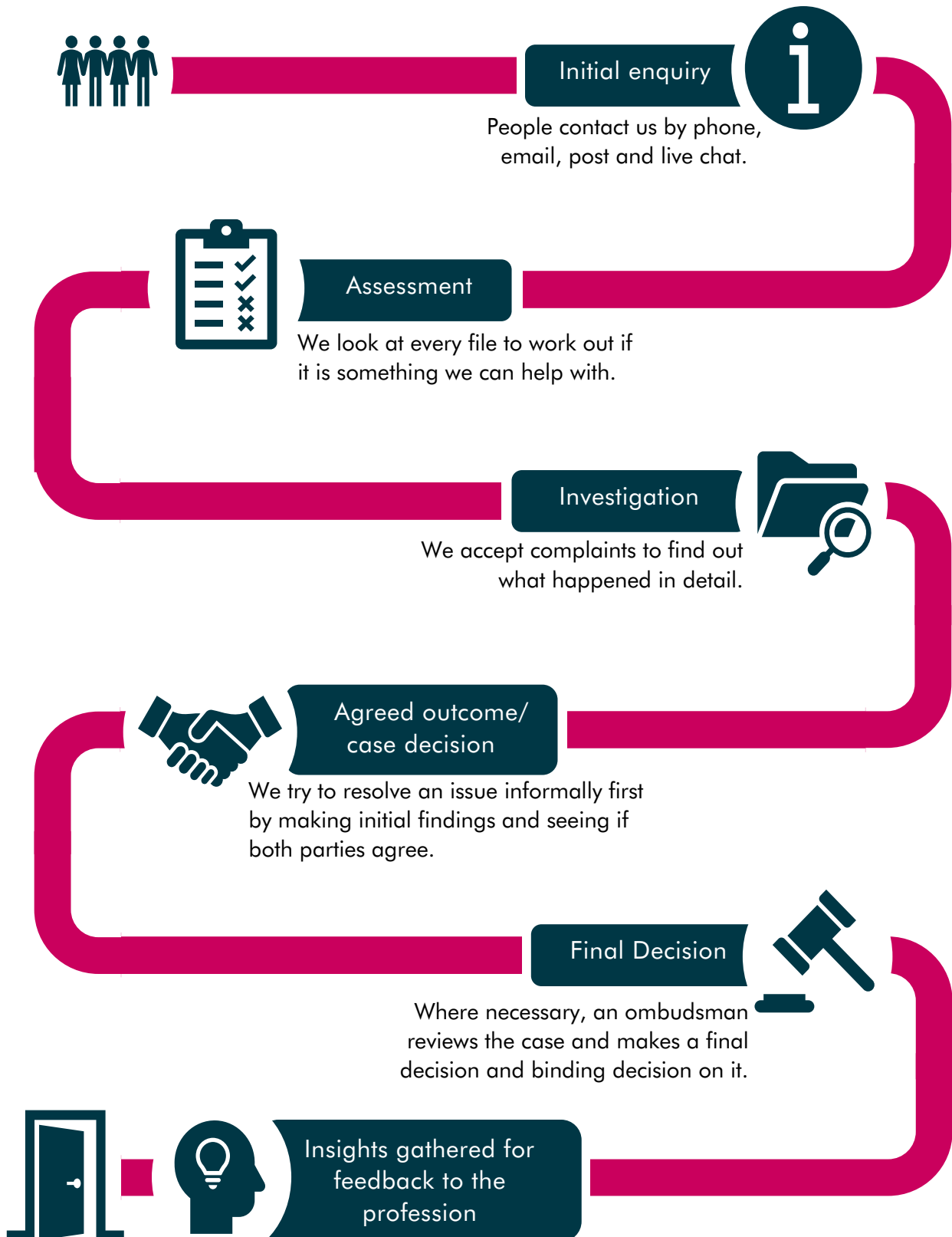


Continued to provide tailored feedback through:

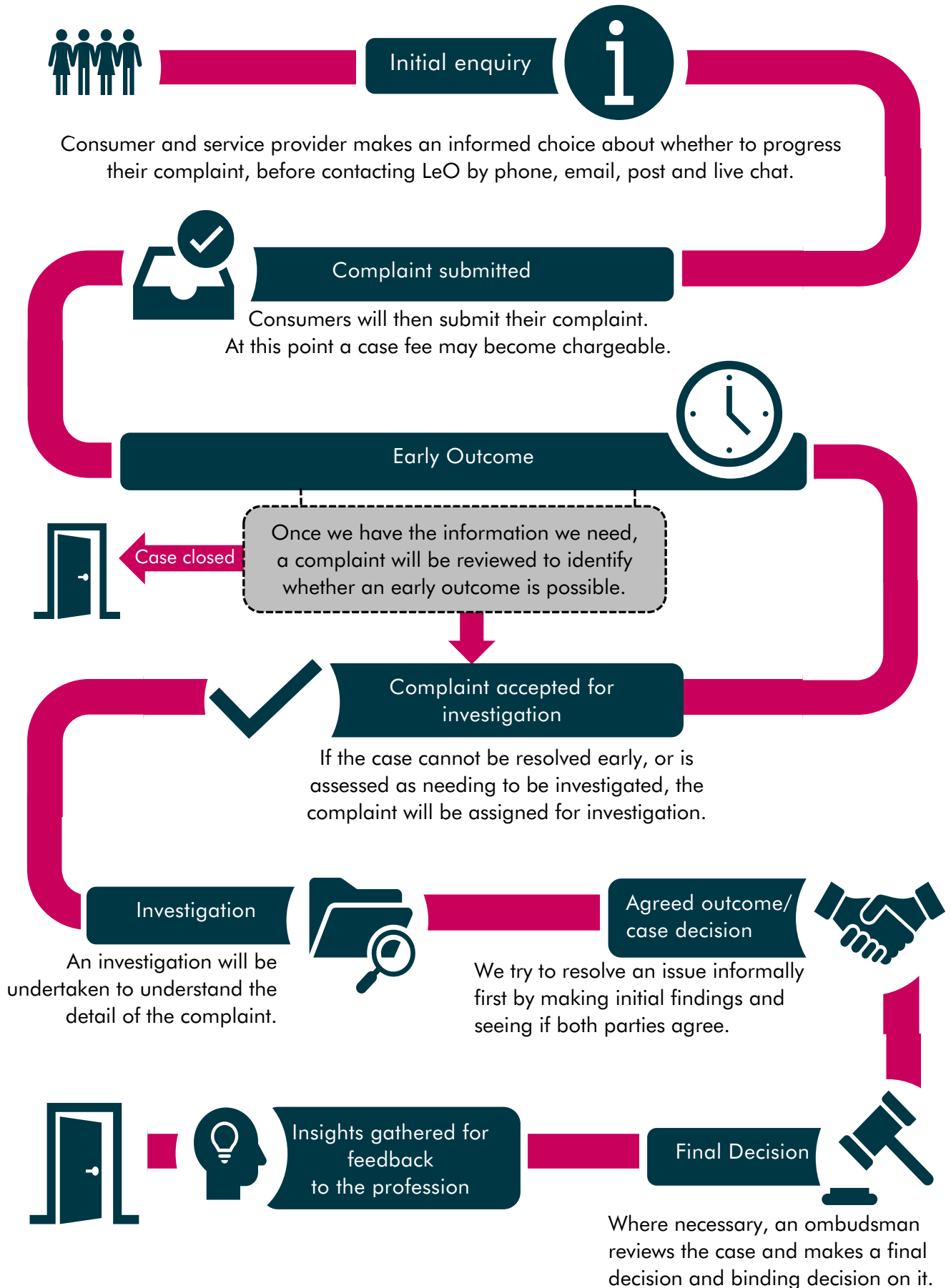
6 professional learning courses
16 best practice engagement activities

xx thematic reports
120

OLD COMPLAINTS PROCESS



NEW COMPLAINTS PROCESS



TERMS OF APPOINTMENT

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.

Board Members and Terms of Appointment are listed below. Biographies can be found at [\[link\]](#)



Elisabeth Davies
Non-Executive Director &
OLC Chair

1 April 2020 -
31 March 2023



Elisabeth Bellamy
Non-Executive Director &
Member of RemCo

1 March 2018 - 28 February 2022
Re-appointed 1 March 2022 -
28 February 2023



Dale Simon
Non-Executive Director

1 August 2021 -
31 July 2024



Annette Lovell
Non-Executive Director &
Member of ARAC

1 March 2018 - 28 February 2021
Re-appointed 1 March 2021 -
28 February 2023



Jane Martin
Non-Executive Director &
Chair of RemCo

1 May 2018 - 30 April 2021
Re-appointed 1 May 2021 -
30 April 2024



Harindra Punchihewa
Non-Executive Director &
Chair of ARAC

1 October 2020 -
30 September 2024



Martin Spencer
Non-Executive Director &
Member of ARAC

1 August 2021 -
31 July 2025




Alison Sansome
Non-Executive Director &
Member of RemCo & ARAC

1 August 2021 -
31 July 2024



Rod Bulmer
Non-Executive Director &
Member of RemCo

1 April 2019 - 31 March 2022
(Resigned 31 July 2021)

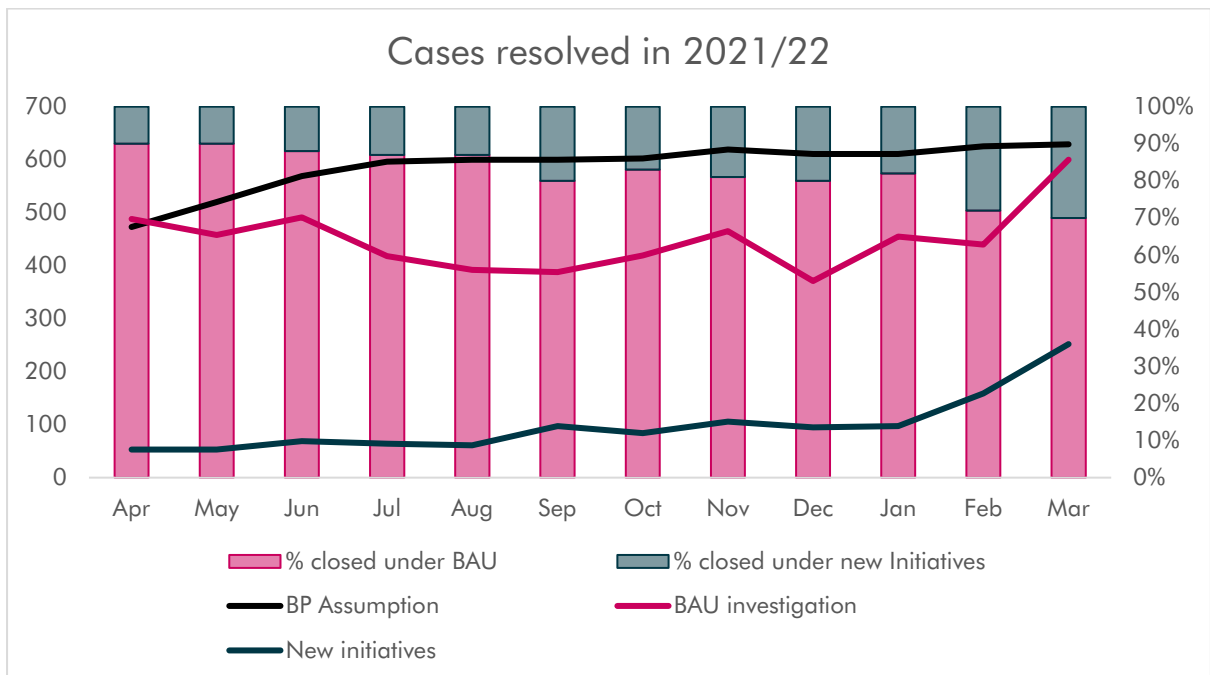
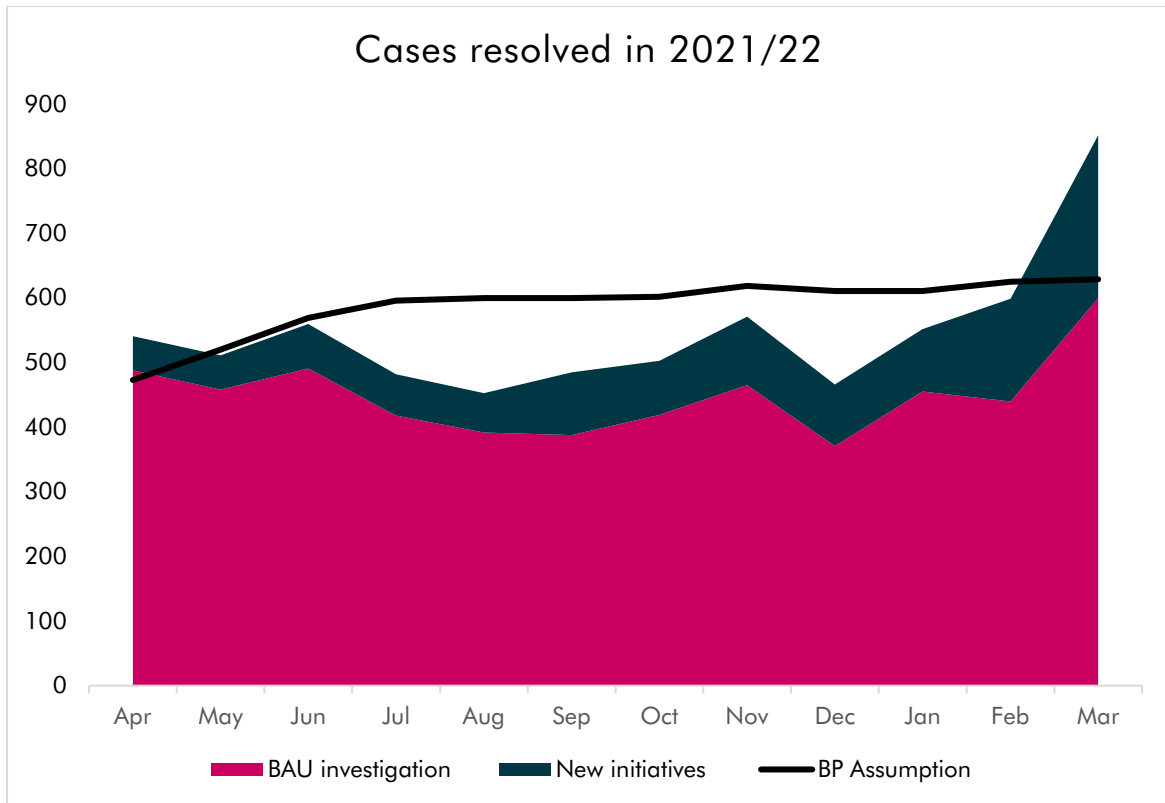
Member	Committee Membership	Attendance at OLC Board meetings, seminars and workshops	Attendance at ARAC meetings	Attendance at RemCo meetings
Elisabeth Davies 	Observer at: ARAC RemCo			
Elisabeth Bellamy 	RemCo		N/A	
Rod Bulmer 	RemCo ARAC*			
Annette Lovell 	ARAC			N/A
Jane Martin 	RemCo (Chair)		N/A	
Harindra Punchihewa 	ARAC (Chair)			N/A
Martin Spencer 	ARAC			N/A
Alison Sansome 	ARAC RemCo			
Dale Simon 	N/A		N/A	N/A

*Co-Opted to ARAC to ensure the quoracy of the May and July 2021 meetings

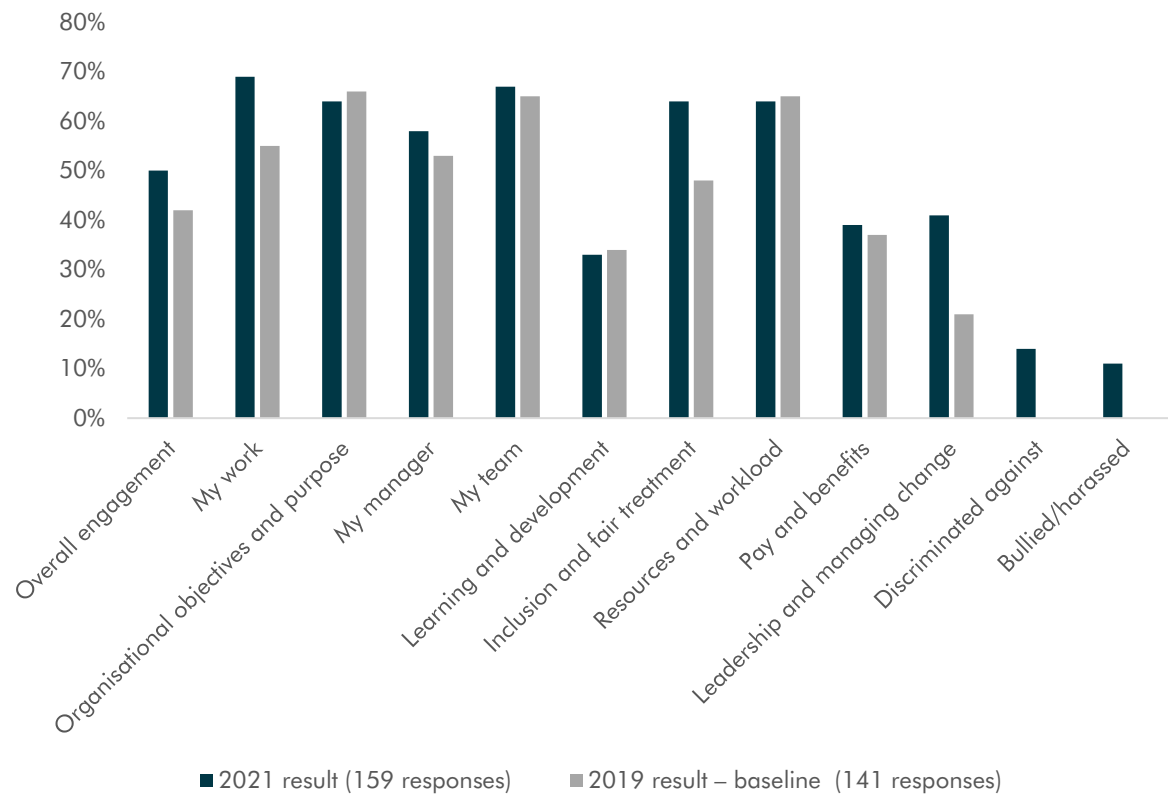
RISK MANAGEMENT DIAGRAM



Examples of how we might present graphs:



Civil Service People Survey results

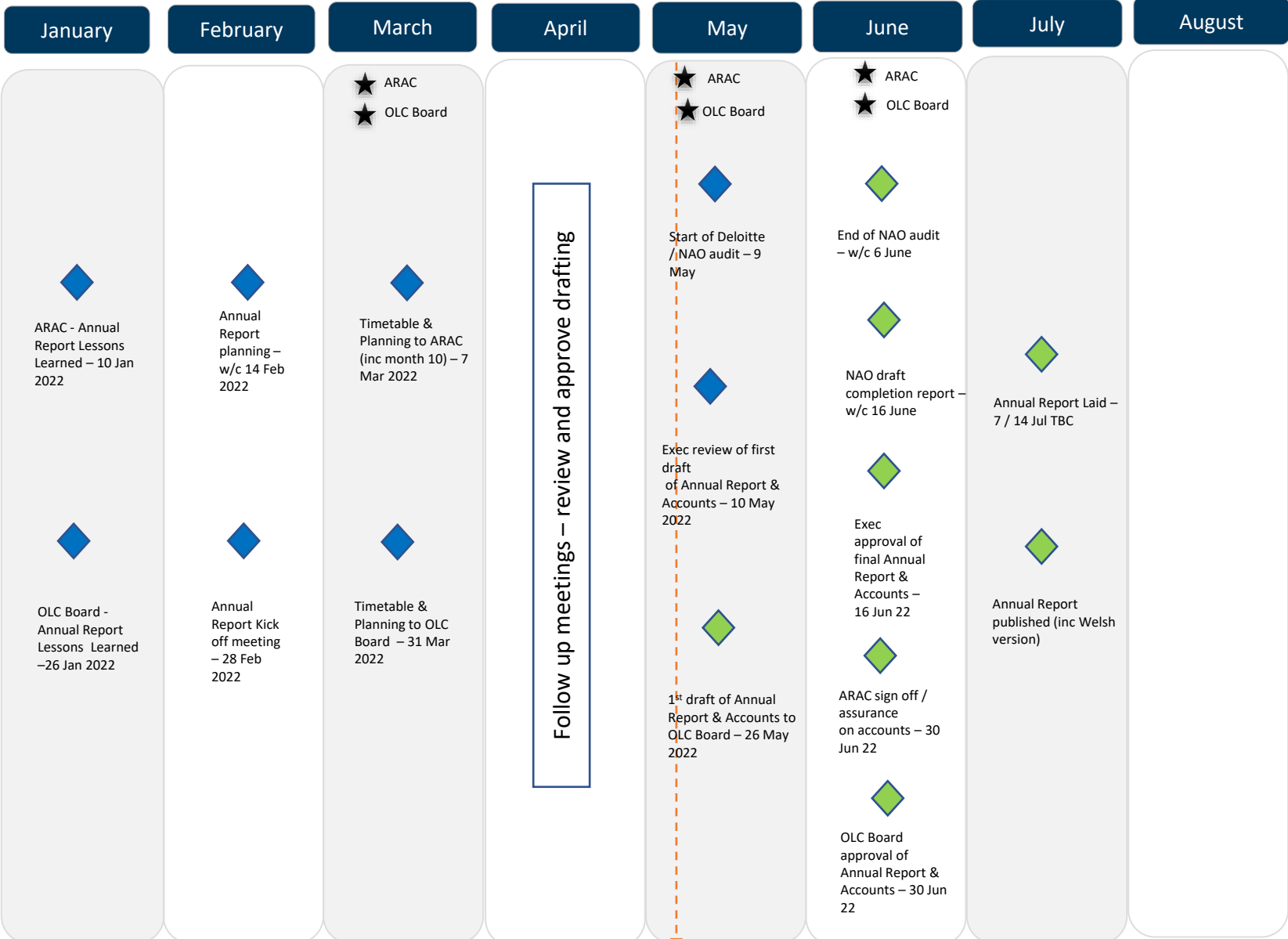


High Level Milestone Plan: Annual Report 21/22

21/22

Key Dates

Annual Report & Accounts



- Unplanned
- Managing Risk
- Significant Risk
- On Track
- Complete