

The Office for Legal Complaints

Annual Report and Accounts 2022/23

For the period 1 April 2022
to 31 March 2023



Office for Legal Complaints

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For the period 1 April 2022 to 31 March 2023

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Performance Report

This Performance Report sets out how far the Legal Ombudsman (LeO) met its strategic objectives and Business Plan priorities in 2022/23, its performance against its key performance indicators and the risks it managed. It also details activities relating to LeO's people, highlights work around equality, diversity and inclusion, and provides updates on other areas of LeO's operations.



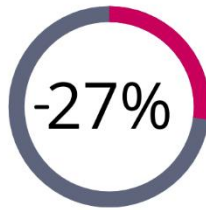
Performance at a glance

Volumes of complaints

2021/22 2022/23



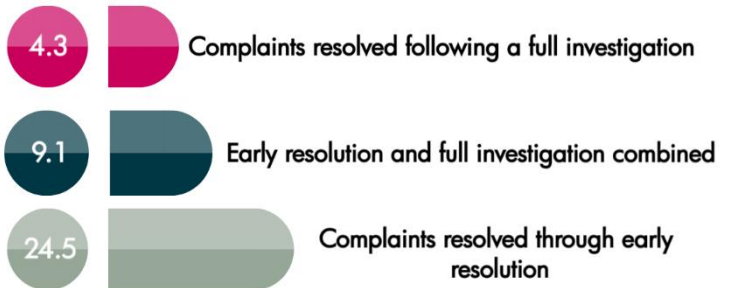
Investigation queue



Reduction in the number of cases waiting at 31 March (5862 to 4282 cases)

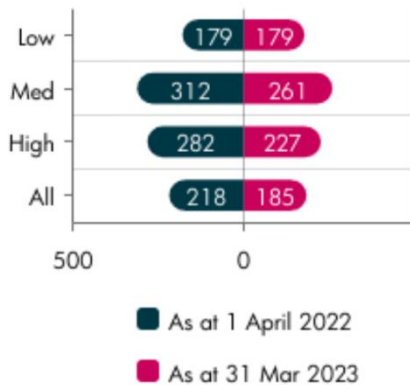
Investigator productivity

Monthly average number of cases resolved per investigator

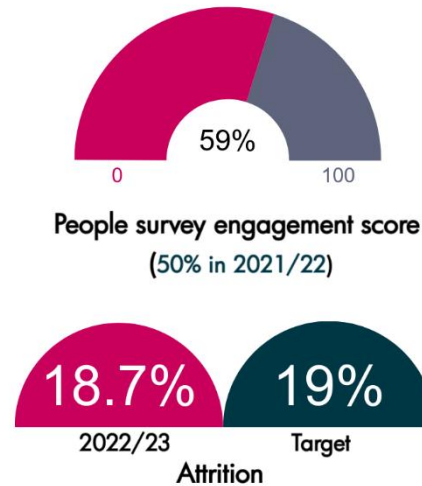


Customer experience

Change in average wait time in the investigation queue (in days) from 1 Apr 2022 - 31 Mar 2023



LeO's people

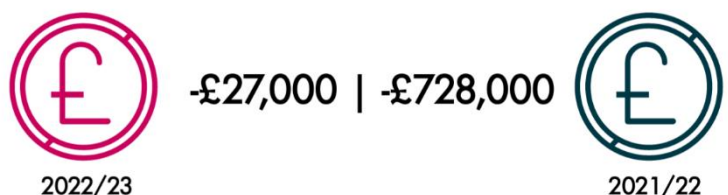


Learning and insight

Training and engagement activities delivered to the legal sector



Budget variance



Foreword from the Chair of the Office for Legal Complaints

Elisabeth Davies | Chair, Office for Legal Complaints (OLC)



A clear vision of transformation

Since I became OLC Chair in April 2020, the sustained focus of the Board has been to rebuild confidence in the Legal Ombudsman (LeO).

At the end of our 2020–23 strategy period, LeO has made genuine headway. Not only has there been marked progress in improving customers' experience, but the journey so far has been one of complete transparency and accountability.

These qualities have gone far in restoring trust and confidence in LeO and its leadership – not only for users, providers and regulators of legal services, but also for LeO's own people.

At the heart of the 2022/23 Business Plan (covered by this Annual Report and Accounts) was a roadmap for reaching a level of performance that is both acceptable and sustainable. At the start of the year, I made clear that this was the bedrock of our vision of transformation; our customers should expect nothing short of a first-class experience with the Legal Ombudsman.

Since then, the OLC Board has actively challenged, scrutinised and sought assurance on LeO's recovery plans. Our task has been to ensure these plans are ambitious enough to deliver on the commitment LeO has made, while also credible and realistic, to maintain the confidence it has rebuilt.

Over the course of the year, new approaches to early resolution (piloted toward the end of 2021/22) transformed outcomes for people relying on LeO. Testifying to this are the substantially reduced waiting times for customers whose complaints LeO has helped to resolve. This transformation has come from greater efficiency and proportionality, where LeO has aimed to resolve cases at the earliest possible stage given their individual circumstances.

As this report shows, this greater proportionality hasn't come at the expense of quality – an area where the OLC Board has sought specific assurance. LeO has continued to provide empathetic and effective responses to complaints, as legal service users and providers should expect. But wherever possible it has done this much more quickly.

LeO's approach to resolving complaints has shifted fundamentally. Alongside this, to reflect the nature and scale of the changes under way, the OLC has further strengthened its governance and management of risk.

Keeping up the momentum

I look back on 2022/23 with a sense of enormous pride at how far LeO has come – and ahead with a cautious optimism that LeO is now on a positive trajectory. I know that those with a keen interest in a thriving Ombudsman scheme increasingly share this view.

At the same time, we fully recognise the work still to be done. At a time of great uncertainty, the OLC will stay keenly focused on making sure LeO reaches an acceptable level of performance that is sustainable in the long run.

The OLC and LeO are committed to doing everything in their power to improve customers' experience. In support of front-line improvements, we have been building greater flexibility and proportionality into LeO's Scheme Rules, so people can get an answer from the Ombudsman when it really matters. This Annual Report underlines the effort that has gone into delivering these vital changes, from supporting LeO's people and legal providers to prepare for the rule changes, through to building the safeguards to ensure LeO's help remains accessible to all who need it.

Equality, diversity and inclusion will remain central for the OLC Board as part of a wider focus on sustainability, good governance and social responsibility. This report highlights the further progress made in this area during 2022/23. It is also reassuring to see further increases in job satisfaction among LeO employees, with the notable exception of pay.

At the same time, factors outside LeO's control present an ongoing risk to its ability to fully realise its ambitions. In particular, the recruitment market is extremely challenging; and LeO faces constraints on improving the competitiveness of its offer. Its People Strategy will take it further towards its ambition of being an employer of choice. But it can't address all of these wider issues, and the OLC and LeO will need to continue navigating them in the coming year.

We know there is a strong appetite for LeO to go further in sharing what it sees, so that its insight and independent voice can help the legal sector work better for everyone. This bears further witness to a renewed sense of confidence in LeO. The OLC's new strategy will address this appetite, which will require a conversation about the scale and balance of LeO's resources going forward.

To the Ombudsman of the future

At the end of the year, the OLC Board said goodbye to two members who've been instrumental in getting LeO to where it is today. Annette Lovell and Lis Bellamy have played key roles in making the Board customer-centred and alert to LeO's two sets of customers. New Board members Rachel Cerfontyne and Patricia Tueje are well-placed to help us maintain and build on their legacy.

We often refer to the Legal Ombudsman's recovery. But we are not trying to go back to a LeO of the past. We are looking ahead to the LeO of the future, and putting in place the foundations it will need to thrive.

While the journey is not yet over, this report shows an organisation that is and deserves to be increasingly confident – as a service, as an employer, and as a voice for improvement in the legal sector. Everyone at the OLC and LeO looks forward to continuing the journey in 2023/24.

Report from the Chief Ombudsman

Paul McFadden | Chief Ombudsman



Delivering a step change

This time last year, a step change was required at the Legal Ombudsman. I said then that 2022/23 would be a key year for LeO in our journey towards reaching and sustaining an acceptable performance.

We said we would significantly cut the number of people waiting for an investigation, and make clear progress towards reducing the queue to a working level.

We expected to achieve an improved customer experience and a substantial reduction in both customer journey time and cost per case resolved (sometimes referred to as “unit cost”).

We said that changes to our resolution processes and framework (LeO’s Scheme Rules) would further transform and rebalance our service to make it more efficient and more proportionate, so that we resolve complaints at the earliest possible opportunity.

Today, we can say we have delivered this step change. With value for money more important than ever in the current economic landscape, the investment in resource that LeO asked for in 2022/23 has paid off significantly.

While we didn’t reach the full extent of our ambitious aims, we resolved more than 9,400 complaints – a high-water mark against a previous average of around 6,500. In March 2023 alone, we resolved more than 1,000 complaints – the highest of any month in LeO’s history.

In all, we achieved a 44% increase in resolutions (over 2,800 more) compared to 2021/22, which itself saw a 40% increase from 2020/21. In well over half of these cases (57%), the parties benefited from an early resolution approach.

We’ve also seen a sustained reduction in the number of people waiting to access our service – down 27% over the course of the year – as well as in the overall time taken to resolve complaints. That trajectory is set to continue in 2023/24.

More proportionate, efficient and accessible

Of course, beyond the numbers, what matters most is what this feels like for LeO's customers. It's clearly vital not only that we help people reach a resolution at the right time, but that the outcome is the right one and genuinely helps them move forward.

Vitality, we've implemented these changes without cost to the quality of our service or customers' experience. Our quality reviews and customer satisfaction surveys show that LeO's approach to resolving complaints earlier and faster contributes to customers' experience and can enhance it.

We've also taken wider action to ensure LeO is as efficient and accessible as possible. We have continued to handle a significant number of early contacts – more than 111,000 across the year, as well as more than 100 calls to our technical advice helpline. This has provided early signposting and support to both users and legal service providers. To support early intervention and promote further efficiency, we've improved our website to help customers navigate the early stages of legal complaints. We have also fully automated the way we handle all contact received via the website.

While our resources have necessarily been directed towards getting LeO's casework on a sustainable path, we've also delivered a stable programme of learning and engagement for and with the legal sector. This report explains how we've reinforced our commitment to transparency and openness by maintaining our performance-focused Challenge and Advisory Group; launching a new forum for service providers; and improving engagement with the consumer advice sector.

Challenges and ambitions

While this report covers many issues we've addressed, some continue to challenge us and remain largely outside our control. Like other organisations, we are navigating a time of economic and recruitment difficulties.

Our latest Civil Service survey results show further substantial increases in all areas except pay and benefits. To deliver for our customers, we need to retain and recruit skilled people. Until we can improve our offer, our ability to do so will remain constrained.

This makes it even more essential that we continue to do everything within our own power to ensure the step change we've made is genuinely sustainable. This commitment is at the heart of our priorities for the year ahead.

First, the People Strategy will move us further towards a culture where everyone feels engaged, included, and supported. That's when people will want to join us, stay with us and perform at their very best. This work includes putting equality, diversity and inclusion at the forefront of our policies and decisions about people – whether they're working remotely, at our office or at one of our hubs.

Second, changes to our Scheme Rules will ensure we can truly take the right approach at the right time for users and providers of legal services. In the coming year we'll monitor and continue to build on the accessibility and quality of our service; consumer representatives have rightly told us these should be central to our changes. We'll also engage with stakeholders around further changes aimed at ensuring the rules support our future ambitions for the service we deliver.

Third, a core feature of the OLC's new strategy will be a commitment to understanding how we can add the most value and increase our impact in ensuring complaints are prevented or resolved by service providers themselves. This is a key part not only of the Ombudsman's role, but also of proportionality and demand-management, ensuring we receive only complaints that genuinely need our input.

I'm extremely proud of what our people have achieved and how far LeO has come. As our outlook has improved, it goes without saying that we've welcomed the improved – albeit cautious – confidence expressed by those with an interest in a high-performing Ombudsman service.

At the same time, we don't take that confidence for granted; this report highlights the lag there has been in improvements against some of our performance indicators. There is no doubt that, despite our progress this year, everyone at LeO would like to be even further along our improvement trajectory.

We're focused on staying the course – and we look forward to working together to shape the LeO of the future.

Performance overview

About the OLC and Legal Ombudsman

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

LeO resolves complaints that legal providers haven't been able to sort out to their customers' satisfaction. It covers the majority of legal services – from conveyancing, family law and wills and probate, through to personal injury, commercial law and litigation. By sharing its experience and independent insight into the causes of complaints, LeO helps improve standards in the wider legal sector.

There is more information about the OLC's governance and management in the Accountability Report. The rules and limits about when and how LeO can help are set out on its [website](#). The website also includes an overview of [LeO's people and structure](#).

The OLC's Business Plan and Budget for 2022/23 was delivered within the third and final year of the 2020–23 corporate strategy period. The strategic objectives and Business Plan priorities for 2023/24 are summarised on the next page and published in full [on LeO's website](#). The OLC will be engaging and consulting on a new longer-term strategy for 2024/25 and beyond. There is more about the outlook for LeO on page 62.

The OLC's 2020-23 Strategy and 2022/23 Business Plan Priorities

Vision 2020–23	
Our work builds genuine confidence in legal services in England and Wales	
Mission 2020–23	
To be an independent and impartial ombudsman service providing reassurance and redress while constructively challenging the legal sector to improve	
Strategic Objectives 2022-23	Business Plan Priorities 2022/23
<p>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</p>	Support our people to perform at their best
<p>② Increasing the transparency and impact of our casework to support greater access to justice</p>	Deliver improvements to streamline the handling of complaints and deliver a more proportionate service focused on early resolution
<p>③ Developing our service to ensure it is appropriate for the evolving legal sector</p>	Developing learning and insight mechanisms to increase the impact of our work and support improvements in the sector for providers and consumers

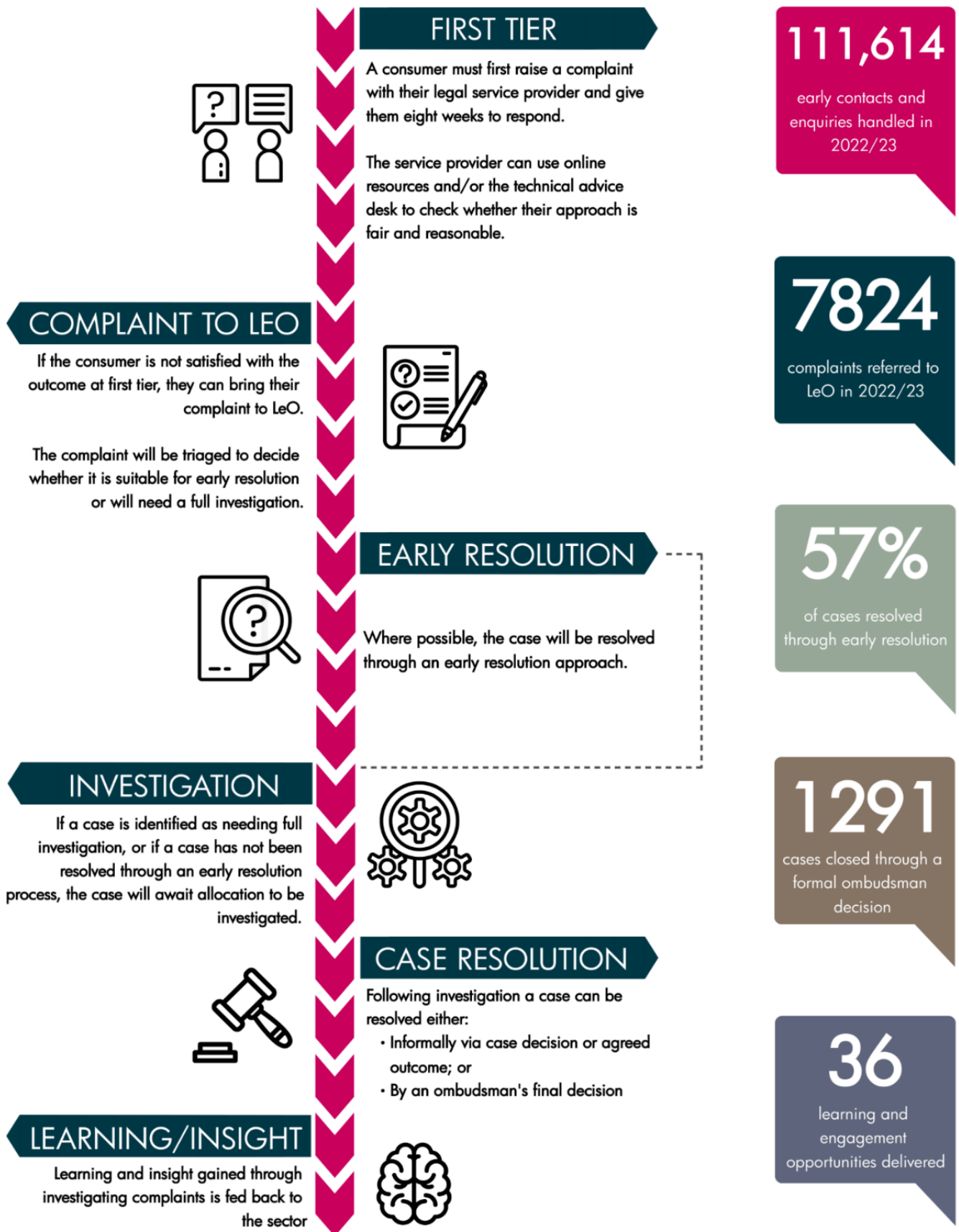
How the Legal Ombudsman resolves complaints

Starting in 2021/22 and continuing in 2022/23, LeO has made significant progress in becoming a more proportionate service, rebalancing its approach towards the early resolution of complaints wherever appropriate. This has helped reduce waiting times. For many consumers and service providers, it has also generally improved the experience of using LeO.

Central to this progress has been rethinking the very start of LeO's process, ensuring that expert ombudsmen quickly assess complaints to decide on the right approach to move things forward. In 2022/23, 57% of all complaints LeO resolved went through an early resolution process, compared with an original expectation of 34%.

The following pages show the Legal Ombudsman's current process, how many enquiries and complaints were resolved at each stage, and the different areas of law involved in the complaints LeO resolved in 2022/23.

The Legal Ombudsman process



Cases accepted by area of law

9.9%	9.7%	24.0%	10.7%	31.3%	14.40%
Family Law	Litigation	Other	Personal injury	Residential conveyancing	Wills and probate

Key performance indicators

In 2022/23 the Legal Ombudsman maintained its existing key performance indicators (KPIs), which provide a high-level snapshot of its operations. The National Audit Office’s 4Es model (Economy, Efficiency, Effectiveness and Equity), which includes a wider range of metrics than these KPIs, was used to monitor LeO’s performance during the year. An agreed data set was also regularly shared with the LSB, MoJ and legal sector representatives. The performance analysis provides additional context and detail about how far LeO achieved its objectives.

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

Customer experience and quality				
Description	Actual 2021/22	Target 2022/23	Actual 2022/23	See also
<p>Reasonable outcome Internal quality measure asking whether the outcome of a communication, investigation, or decision was fair and reasonable</p>	<p>General Enquiries Team: 87% Investigator: 81% Ombudsman: 94%</p>	<p>95%</p>	<p>General Enquiries Team: 86.8% Front-end Team (investigators): 80.1% Front-end team (ombudsmen): 96.9% Investigator: 80.7% Ombudsman: 93.6%</p>	<p>Page 39</p>

<p>Customer journey The end-to-end customer journey time experienced by customers who have had a file closed or resolved by investigation each month. LeO’s progress in resolving older cases is shown as a decrease in performance against this measure, but is positive for customers.</p>	<p>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>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>20% of low-complexity complaints resolved in 325 days</p> <p>23% of medium-complexity complaints resolved in 500 days</p> <p>12% of high-complexity complaints resolved in 500 days</p>	<p>Page 22</p>
<p>Customer satisfaction The level of satisfaction with our service at the end of the process, depending on whether or not the customer was satisfied with the outcome of the investigation.</p>	<p>Those satisfied with outcome of investigation, satisfied with service: Consumer 92%; Provider 83%</p> <p>Those dissatisfied with outcome of investigation, satisfied with service: Consumer 11%; Provider 11%</p>	<p>85% satisfied with service for those satisfied with the outcome of the investigation</p> <p>12% satisfied with service for those dissatisfied with the outcome of the investigation.</p>	<p>Those satisfied with outcome of investigation – satisfied with service: Consumer 94%; Provider 86%</p> <p>Those dissatisfied with outcome of investigation – satisfied with service: Consumer 11%; Provider 17%</p>	<p>Page 36</p>

<p>Volume of cases awaiting assessment Cases in the pre-assessment pool at 1 April each year.</p>	5,862	3,109	4,282	Page 22
Raising professional standards				
Description	Actual 2021/22	Target 2022/23	Actual 2022/23	See also
<p>Rating of our training and resources Annual measure of the views of service providers who have had a complaint investigated about whether LeO provides useful and relevant resources.</p>	<p>Guidance – relevant 82%; useful 80%</p> <p>Training – relevant 87%; useful 86%</p>	80%	<p>Guidance – relevant 86%; useful 85%</p> <p>Training – relevant 91%; useful 92%</p>	Page 31
<p>Satisfaction with our learning and insight sharing 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.</p>	<p>Agree with have effectively shared learning/insights with: Them 90%; Service providers generally 90%</p>	80%	<p>Agree with have effectively shared learning/insights with: Them 88%; Service providers generally 71%</p>	Page 31
Efficiency and resilience				
Description	Actual 2021/22	Target 2022/23	Actual 2022/23	See also
<p>Unit cost Monthly average cost, looking at the number of cases resolved by quarter against our costs for the quarter.</p>	£2,092	Monitored only (original projection £1,495)	£1,618	Page 43

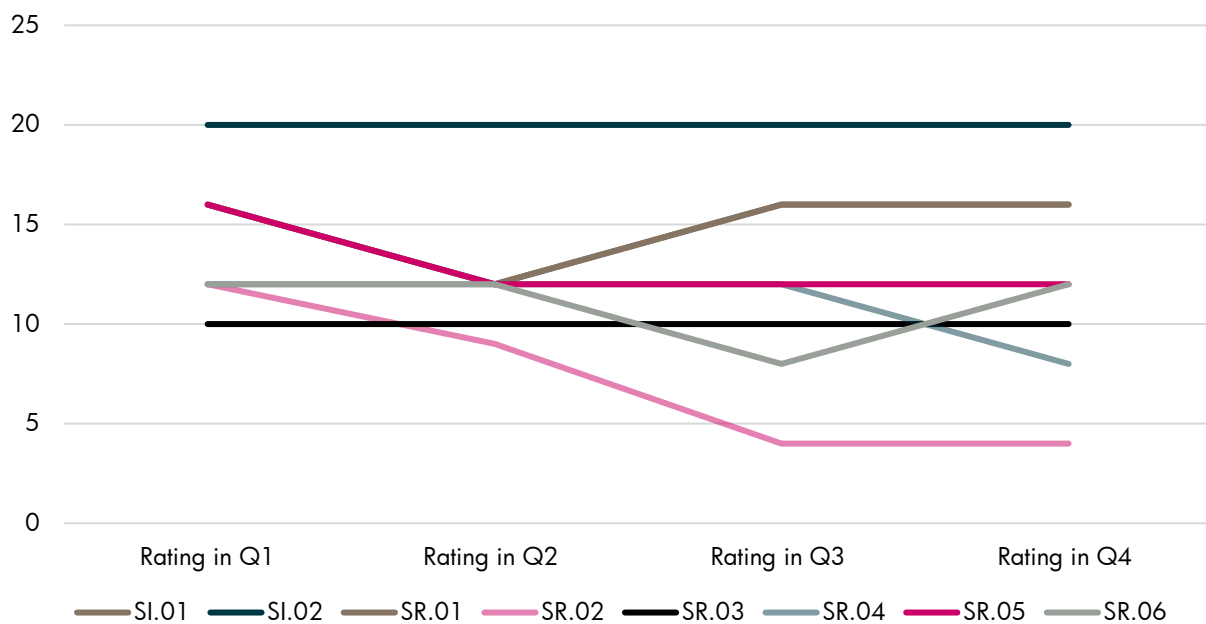
People and culture				
Description	Actual 2021/22	Target 2022/23	Actual 2022/23	See also
Quarterly and rolling turnover rate Total leavers for the past 12 months, as a percentage of the average total permanent headcount for the period.	22.4%	21%	20.8%	Page 50

Summary of strategic risks and issues

Throughout 2022/23 the Legal Ombudsman actively identified and managed the risks and issues that could affect the delivery of its strategic objectives and plans. It continued to embed a pragmatic approach to risk management, reflecting the risk appetite of the organisation, its values and culture, as well as the rhythm and nature of its work. Page 44 gives more detail about these strategic risks and issues. Page 80 explains the way risks are managed.

Strategic risks and issues are given a green, amber, red or blue score, which is a factor of their likelihood and the severity of their impact. Red and blue-rated risks and issues are escalated to LeO’s Executive Team or the OLC Board’s Audit and Risk Assurance Committee (ARAC).

Strategic risks and issues in 2022/23



Strategic risk (SR) or issue (SI)	Residual rating in Q1	Residual rating in Q2	Residual rating in Q3	Residual rating in Q4	Strategic objective, risk appetite and target
SI.01: There is currently a substantial backlog of cases waiting to be worked (pre-assessment pool) causing significant delays to decision times.	16	12	16	16	① ② Cautious Target: 9
SI.02: Inability to attract, engage, mobilise and retain the right talent and skills at all levels and to embed the desired culture.	20	20	20	20	① Cautious Target: 12
SR.01: Failure to deliver required performance trajectory and consequent loss of credibility and confidence in LeO's ability to deliver the scheme effectively in the long term.	16	12	16	16	① ② ③ Cautious Target: 12
SR.02: Failure to effectively manage and implement transformational change.	12	9	4	4	① ③ Cautious Target: 6
SR.03: The framework of governance, risk management and control is not sufficiently robust to support the delivery of objectives.	10	10	10	10	① ② ③ Cautious Target: 4
SR.04: Destabilisation of transformation change (Scheme Rules).	12	12	12	8	① ② Cautious Target: 8

SR.05: Lack of leadership resilience at executive level.	16	12	12	12	①② Cautious Target: 12
SR.06: Risk of OLC expenditure budget variance becoming outside of a tolerable position (either forecast overspend or underspend).	12	12	8	12	①②③ Minimal Target: 8

Performance analysis

Delivery against the 2022/23 Business Plan

The OLC developed its current strategy for the Legal Ombudsman in late 2019 as part of the 2020/21 Business Plan and Budget consultation – before Covid-19. The pandemic exacerbated existing performance issues at LeO, so that the front-end queue of complaints waiting to be investigated (the pre-assessment pool) reached unacceptable levels.

In 2021/22 the OLC set out a two-year improvement trajectory for significantly raising the standard of service that LeO provides. Stakeholders supported radical action. LeO piloted, and later rolled out, changes aimed at rebalancing its service towards minimum formality, and identifying complaints that could be resolved without a full investigation.

Following a substantial increase in complaint resolutions in 2021/22, LeO has made and sustained a step change in performance in 2022/23. Many more users and providers of legal services are feeling the tangible results of LeO's focus on early resolution, proportionality and efficiency.

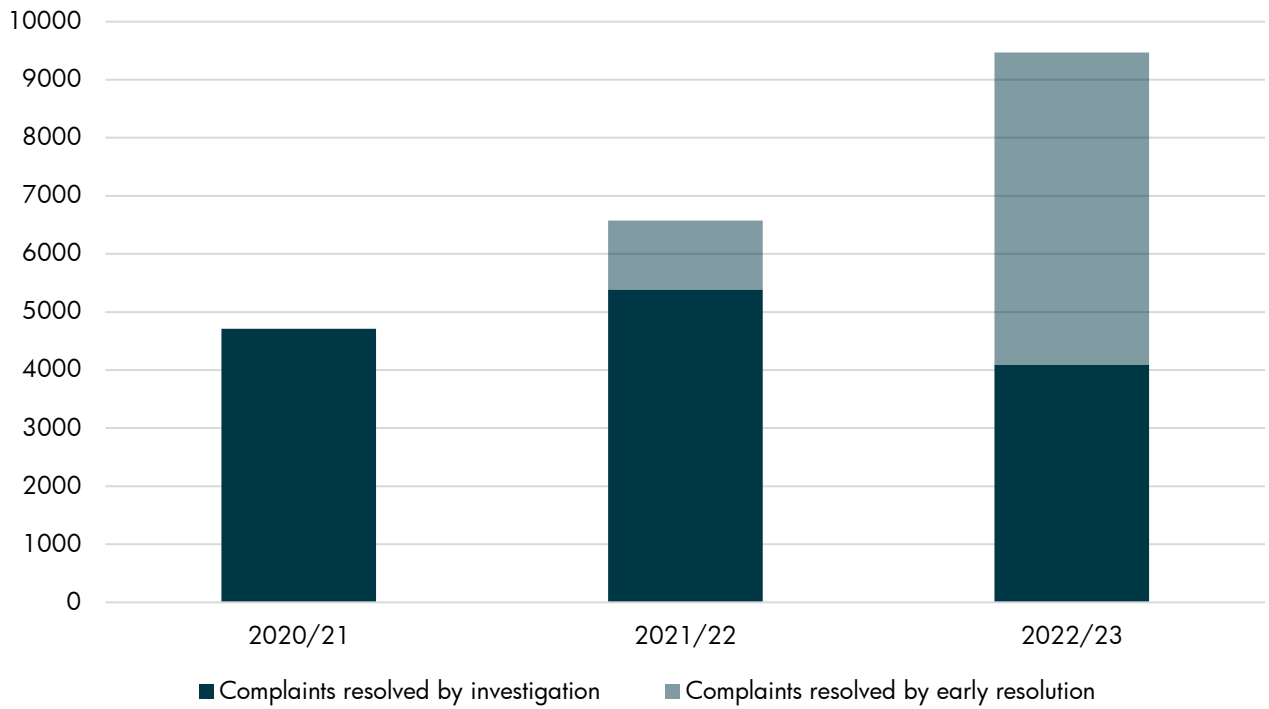
In 2022/23:

- LeO delivered more than 9,400 resolutions, short of our ambitious target of 10,000 but a high-water mark against a previous average of around 6,500. This is a 44% increase (over 2,800 more) compared to 2021/22, which itself saw a 40% increase from 2020/21. In March 2023 alone, LeO resolved more than 1,000 complaints. LeO's step change in performance is shown in the chart on page 24.
- The fact that average customer journey times have not decreased reflects LeO's progress in resolving cases that have spent a long time in the investigation queue. This has increased the average age of cases at the point of case closure. This is reflected in the journey times shown on page 26; performance against the KPI has fallen despite improvements in customers' experience being apparent through other metrics like waiting times (see page 25), which have

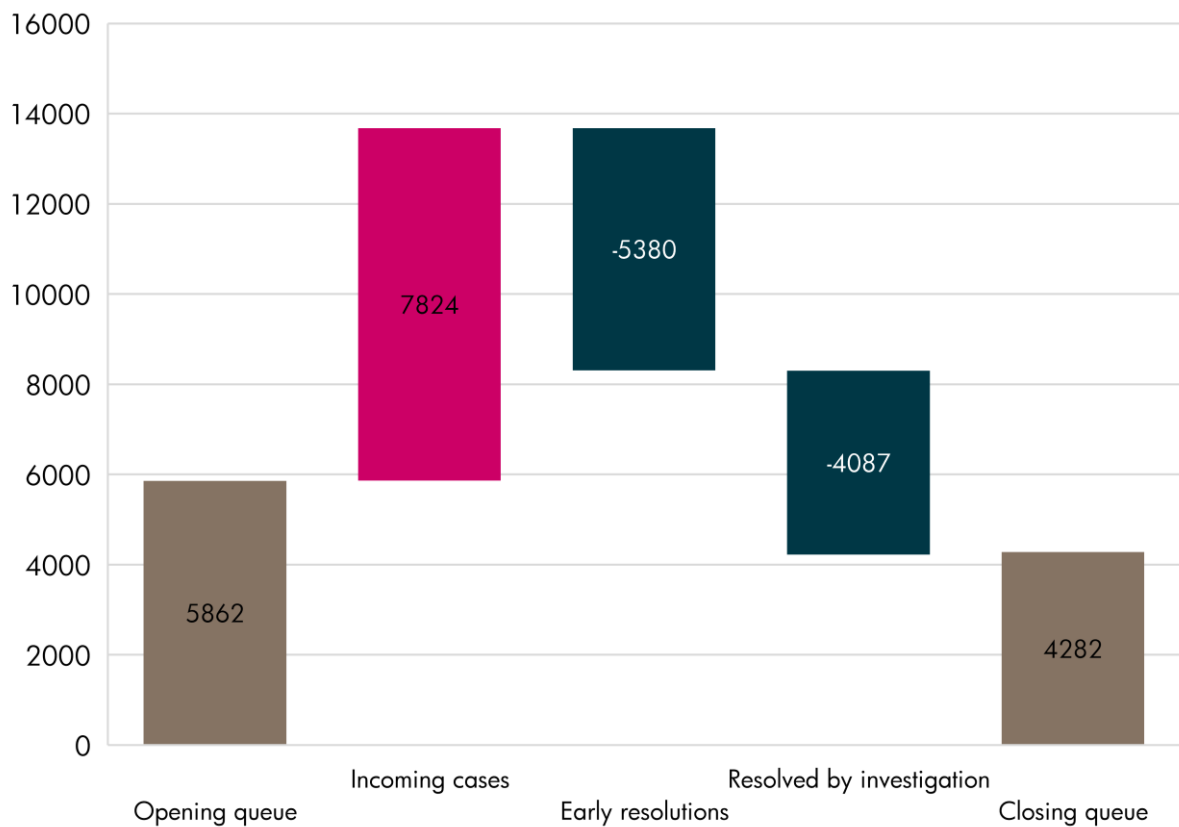
been influenced positively by the introduction of early resolution. LeO expects these indicators to improve as it makes further headway in resolving older complaints.

- By the end of 2022/23 consumers and legal service providers could expect an average total customer journey time of 282 days. This was made up of an average wait time of 185 days and a resolution time of 97 days after a case was allocated to an investigator. The average wait time fell by 15% during the year, reflecting the impact of LeO's use of early resolution initiatives.
- In comparison to February 2022, when the investigation queue (pre-assessment pool) was at its peak, 2022/23 has seen a 100-day reduction to the overall journey time for the majority of LeO's customers (those with low-complexity complaints). By the end of March 2023, LeO had reduced its investigation queue by 27% from a year earlier. Excluding cases actively going through an early resolution process, the reduction was 34.8%. Going forward, cases that are going through the early resolution process at the time of reporting won't be included in the total number of cases in the queue. The trajectory of the queue is shown in the chart on page 26.
- In March 2023, customers whose complaints were resolved through early resolution (57% of total resolutions across the year) had an outcome in 64 days. Those whose complaints were resolved in this way could expect a 76% shorter customer journey time than the average low-complexity case that required a full investigation.
- Average productivity (defined as cases resolved) was 9.1 cases a month, combining average productivity of 4.3 in investigation teams and 24.5 cases a month for LeO's Front-end Team. Investigator productivity was lower than originally expected because many less complex complaints are now resolved by LeO's Front-end Team.
- At the same time, challenges of recruitment and attrition continued to constrain the headway LeO could make, despite the success of its new hub offices and national recruitment. If the expected number of investigators had been in place, LeO would have come within 1% of its Business Plan target for resolving complaints. See "People and organisation" for more information about LeO's approach to people-related factors.

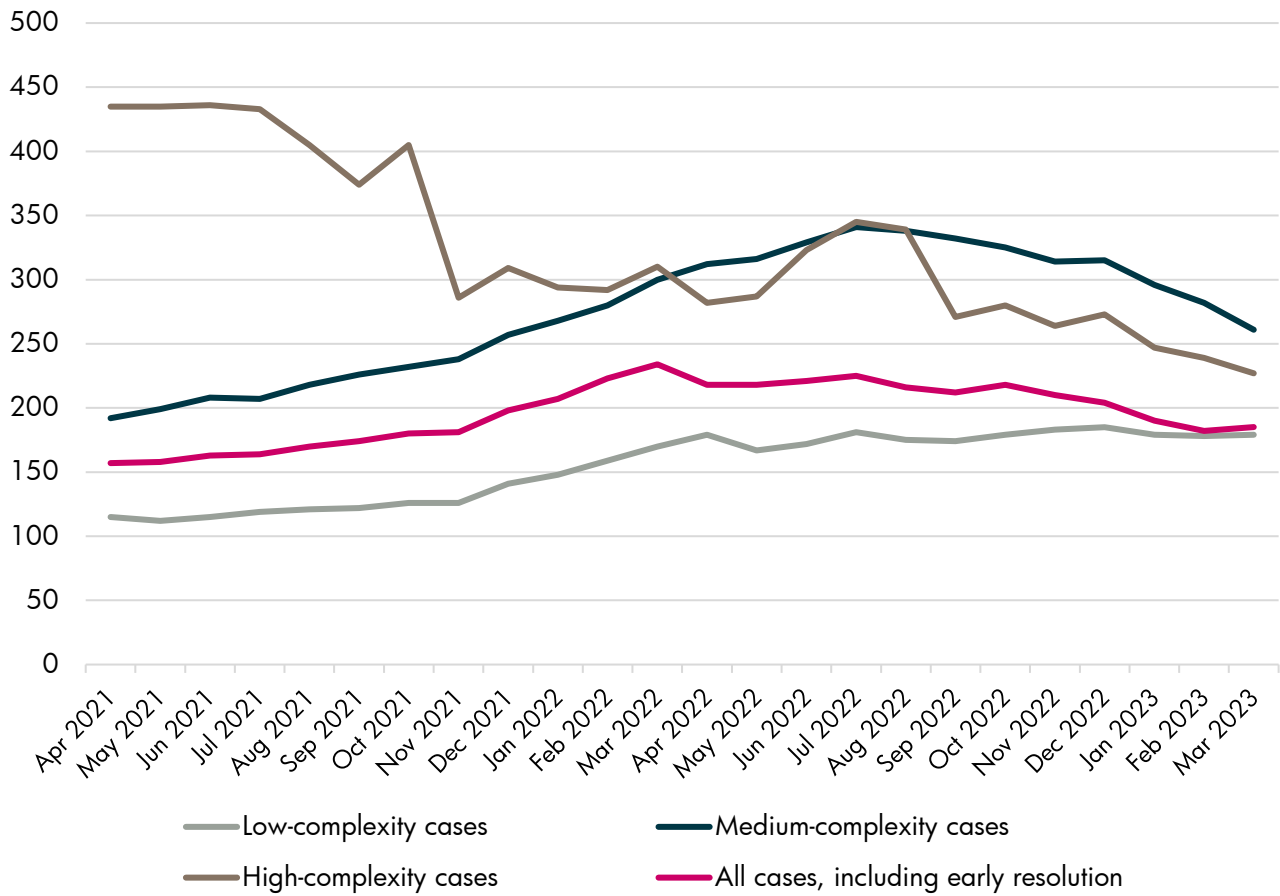
Increase in complaints resolved by LeO



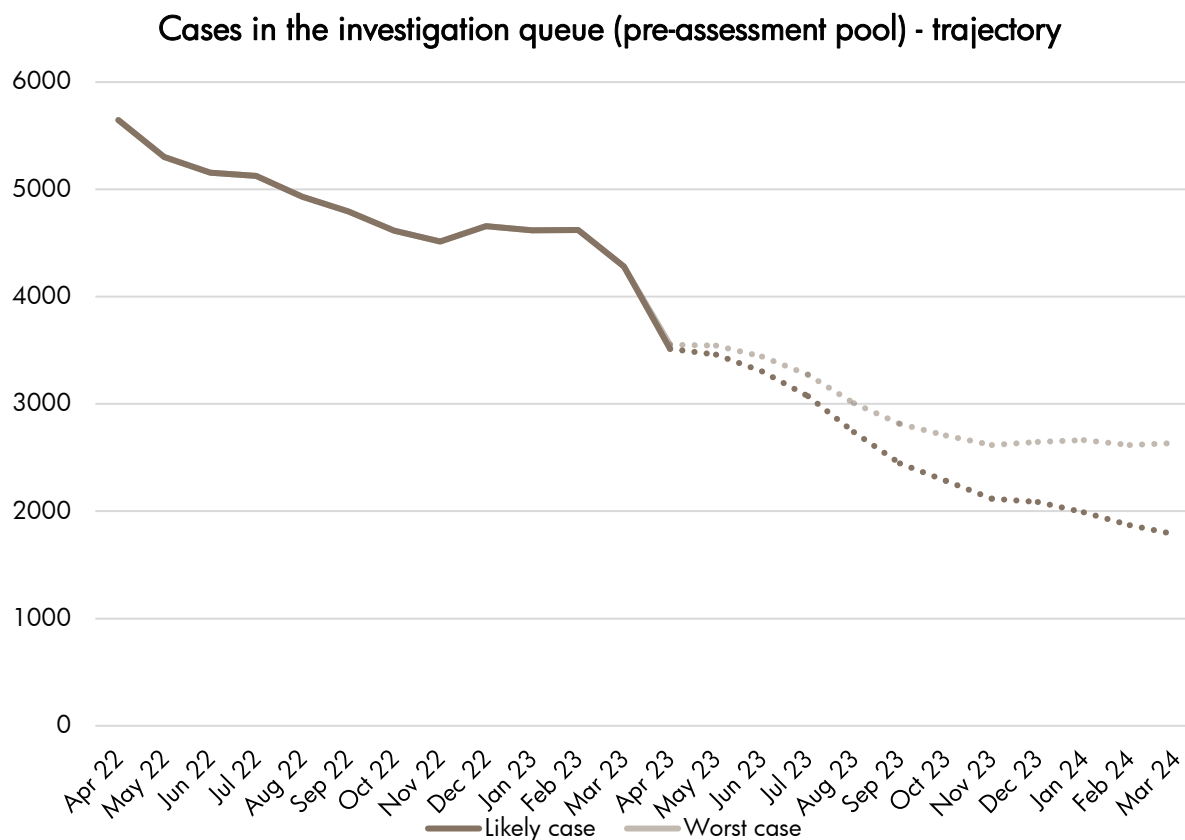
Resolving complaints and reducing the investigation queue in 2022/23



Average waiting time in the investigation queue (days)



Waiting times by case complexity	April 2022	March 2023	Change
All complaints, including early resolution	218	185	-15%
Low-complexity complaints	179	179	0%
Medium-complexity complaints	312	261	-16%
High-complexity complaints	282	227	-20%



Customer journey time by case complexity	2022/23	2021/22
Customer journey time for all complaints	282 days	376 days
Customer journey time for complaint resolved through early resolution	120 days	n/a
Customer journey time for low-complexity complaints	399 days	356 days
Customer journey time for medium-complexity complaints	613 days	526 days
Customer journey time for high-complexity complaints	778 days	745 days

The following tables review LeO’s progress against each of its Business Plan priorities, as published in the [OLC’s 2022/23 Business Plan](#).

Priority 1	
What LeO planned to deliver	Analysis
Attracting and retaining our people	
<ul style="list-style-type: none"> • Reward and recognition strategy • Attraction and retention strategy • Recruitment strategy (inclusive of hub strategy model) • Hub strategy – additional hubs 	<p><i>Partly achieved</i></p> <p>A transformation of the HR Team has supported significant improvements. Several key policies have been updated. The need to deal with recruitment challenges meant other work had to be reprioritised; some of these workstreams have been carried forward into 2023/24.</p> <p>LeO has successfully shifted from being a single-site employer to having national employees and regional hubs.</p> <p>There have been signs that attrition is stabilising, with an annual level of 18.7% (just below the 19% target). But LeO still has limited scope to compete in the buoyant job market. Work is ongoing under the People Strategy to develop LeO’s offer within these constraints.</p> <p>See “People and organisation” on page 50 for more information.</p>
Developing our people, including addressing performance variation	
<ul style="list-style-type: none"> • Performance management and competency frameworks • Talent management and succession planning • Identification of training needs and skills gaps across the organisation to inform the future development programme • Development of career pathways that facilitate progression • Implementation of a leadership programme for current and aspiring managers 	<p><i>Partly achieved</i></p> <p>Key achievements include the design and launch of a new performance development review process and a leadership programme.</p> <p>As above, reprioritisation means some work will now be carried out in 2023/24. See “People and organisation” on page 50 for more information.</p>

Priority 2	
What LeO planned to deliver	Analysis
Mainstreaming pre-assessment pool pilot projects	
<p>Continue to review and improve mainstreamed initiatives:</p> <ul style="list-style-type: none"> • Guided negotiation between the two parties to help them reach an outcome • Explaining to the consumer that the provider has already made a reasonable offer to settle the complaint • “Nudging” the parties towards information that will help them resolve the issue themselves 	<p><i>Achieved</i></p> <p>From 1 April 2022, LeO’s mainstream processes incorporated new initiatives piloted in 2021/22. They have consistently resulted in more resolutions than originally anticipated. Page 23 gives more information about their contribution.</p> <p>Employees’ ideas have been fundamental to the changes made. To continue harnessing them, LeO has refreshed its successful “ideas station”, with a particular focus on investigations.</p>
Early resolution and proportionality	
<ul style="list-style-type: none"> • Analysis of data to assess proposal feasibility • Collation of data to demonstrate both value and customer satisfaction • Implementation of agreed outcomes 	<p><i>Achieved</i></p> <p>LeO has significantly rebalanced its service. Early resolution accounted for over half of all complaints resolved. Quality and customer satisfaction were maintained. See pages 23 and 39 for more information.</p>
Making the most of technology	
<ul style="list-style-type: none"> • Implement improvements to robotic process automation • Develop automated triage process • Scope and implement website enhancements to improve customer journey 	<p><i>Partly achieved</i></p> <p>All contact received via LeO’s online form is now handled using robotic process automation, bringing significant efficiencies (about one employee’s worth of work a year).</p> <p>LeO has identified changes to its website that will help people find the information they need and understand the steps they can take to get their complaints resolved. This should reduce the number of people who contact LeO before their service provider has</p>

	<p>responded to their complaint. This will improve both efficiency and customers' experience, as LeO won't have to direct them back to the provider.</p> <p>Some innovations, including website enhancements and automated triage, have progressed in 2022/23 but demands on resources (arising from changes to LeO's Scheme Rules) mean they will be implemented in 2023/24.</p>
Review of the Scheme Rules	
<ul style="list-style-type: none"> • Post-consultation approval of first phase of changes • Implementation and process changes • Realisation of full impact 	<p><i>Partly achieved</i></p> <p>LeO initially anticipated implementing Scheme Rules changes during 2022/23 so that their impact on efficiency and customers' experience would be felt by the end of the year. However, following close consultation with stakeholders and assessment of the changes and preparation required, LeO delayed implementing the changes until the beginning of 2023/24. See page 29 for more details.</p>
Outsourcing and partnerships	
<p>Work with external suppliers and strategic partners to plan and implement outsourcing strategy</p>	<p><i>Partly achieved</i></p> <p>The Legal Services Act places constraints on LeO's ability to outsource investigations. LeO is continuing to consider possible alternative options.</p>

In focus: changing LeO's Scheme Rules

In 2021/22, in conjunction with piloting new ways of working, LeO comprehensively reviewed its Scheme Rules – the framework within which it resolves complaints. This followed stakeholders' calls for radical action to improve its standard of service.

The review revealed that a number of rules were hindering LeO's ability to give legal service users and providers the right outcome at the right time. These rules either

created inefficiencies in the complaint resolution process, or they created barriers to resolving complaints proportionately and effectively.

In the second half of 2021/22, [LeO consulted on](#) a set of changes to the rules to address these barriers. The key changes related to the time limits for bringing a complaint, decisions about whether investigating a complaint would be disproportionate, and the grounds for referring a complaint for an ombudsman's final decision.

OLC Chair Elisabeth Davies said in the consultation document: "The review has not been about closing doors to customers but about identifying new freedoms. . . . It is about achieving a more balanced approach and creating a quicker customer experience, whilst retaining the core benefit of accessing independent and fair legal redress."

In light of broad stakeholder support for the changes, the LSB approved them in July 2022. LeO committed to carefully monitoring their impact on different groups of customers, to ensure its service remains accessible to all.

The LSB's approval triggered a significant programme of internal change and external communication – aimed at ensuring that LeO's people, customers and stakeholders were prepared for the new rules to take effect on 1 April 2023. This preparation included:

- setting up a dedicated Scheme Rules helpline for legal providers, along with a programme of webinars and online guidance;
- reviewing and updating LeO's website so both consumers and service providers understand what the changes mean in practice;
- updating LeO's online complaint checker to reflect the new rules and to ensure (as part of its commitment to monitor their impact) that it collects information on equality, diversity and inclusion (EDI) at an early stage;
- delivering extensive training for LeO's people on the new processes involved and the practical application of the new rules, and updating LeO's case management system;
- revising how LeO collects and monitors customers' EDI data, so it can better understand its customers;
- developing enhanced reporting to measure the impact of the changes on demand and on LeO's customers; and
- enhancing LeO's quality assurance processes (monitoring and reporting) to ensure consistency in how it is applying its rules and how the ombudsmen are using their discretionary powers.

In 2023/24, LeO will set out plans for a further review of the Scheme Rules. This will ask more fundamental questions about LeO's rules, powers and case fees, and how it can be agile in response to changes in customers' expectations and the legal sector.

Priority 3	
What LeO planned to deliver	Analysis
Providing targeted learning and insight for service providers, making better use of the valuable insight we hold	
<ul style="list-style-type: none"> • Create a schedule of course/training events including regional law societies (online or in person as appropriate) • Develop a thematic report together with service providers and representative bodies 	<p><i>Achieved</i></p> <p>LeO has continued to deliver a stable programme of training and learning for legal service providers.</p> <p>In May 2022 LeO published a thematic report on personal injury claims, alongside tailored factsheets, developed in consultation with key stakeholders in this area.</p> <p>The graphic on page 34 shows the scope of LeO’s engagement and impact.</p>
Increasing the visibility and impact of casework	
<ul style="list-style-type: none"> • Define case publication criteria – first phase of the transparency project • Outline a process for monthly review of publishable cases • Assess second phase of the transparency project and confirm timelines 	<p><i>Partly achieved</i></p> <p>LeO has reviewed its internal processes and criteria for the publication of decisions naming individual firms, where this is in the public interest.</p> <p>LeO has re-established its internal learning group to help ensure learning and insights are shared effectively between different areas of its operations.</p> <p>In line with feedback, in 2022/23 LeO focused resources on recovering its performance (as explained in the 2021/22 Annual Report. Publishing every ombudsman decision in full would require substantial ongoing commitment of resources. LeO will consider the potential benefits of this fully in 2023/24 as part of assessing a second</p>

	<p>phase of its transparency programme, which wasn't completed in 2022/23.</p>
<p>Using engagement opportunities to demonstrate the impact of LeO</p>	
<ul style="list-style-type: none"> • Develop and implement a service provider group • Assess and develop a consumer group • Further develop engagement work with stakeholders (advice desk and ongoing engagement with regulators) • Attend conferences/events to talk about LeO's impact 	<p><i>Achieved</i></p> <p>To ensure it considers a wide range of providers' views in its plans and decisions, LeO launched a new representative group of legal service providers.</p> <p>It also started to explore the potential for a consumer representatives' forum and has renewed links with consumer organisations as a foundation for greater future engagement.</p>
<p>Develop our resources to better support consumers and service providers to learn from us and improve access to LeO's service</p>	
<ul style="list-style-type: none"> • Deliver annual and quarterly LeO publications • Scope options for provision of information leaflets/factsheets for service providers to educate and inform on LeO's service offering • Review and develop current website, inclusive of the addition of a case study section and an update to resource pages 	<p><i>Achieved</i></p> <p>LeO delivered quarterly performance updates and continued to share updates via LeO News. The OLC also met its reporting requirements.</p> <p>Following assessment, LeO launched a new factsheet for service providers to distribute to help ensure consumers bring complaints to LeO at the right time. LeO's outcome letters now also provide links to best-practice guidance to help service providers resolve future complaints without LeO's input (or forestall them altogether).</p> <p>LeO has also updated its website to provide more, better-tagged case studies so it is a helpful and easy-to-navigate resource for service providers.</p>

Responding to changes in the legal services sector and in the external sector	
Continue horizon-scanning and stakeholder engagement activities, to ensure we are aware of emerging issues and trends that could impact our work	<p><i>Achieved</i></p> <p>LeO has continued to undertake horizon scanning for the OLC Board. As part of its regular engagement, it has sought insights from a range of stakeholders in the legal sector about developments and challenges they have identified.</p>

The impact of LeO's learning and insight

Overview

OPERATIONAL ENGAGEMENT

- Engaging with individual providers
- Running Service Provider Forum
- Engaging with other ADR schemes and the Ombudsman Association



STRATEGIC ENGAGEMENT

- Engaging with regulators
- Engaging with professional bodies
- Engaging with consumer representatives
- Running Challenge and Advisory Group

LISTENING TO FEEDBACK

- Attending sector wide forums and conferences
- Meeting local law societies, forums and networks
- Delivering courses and webinars (including on Scheme Rules changes)

BEST PRACTICE AND SUPPORT

- Running Technical Advice Desk
- Sharing case studies
- Publishing decisions and thematic reports
- Sharing best practice guidance

Events and learning opportunities



- 15** online training courses delivered, including Scheme Rules changes webinars
- 21** conference and engagement events attended in person or online
- 2** service provider forums held with representatives from across the profession

100+

enquiries to the **Technical Advice Desk**, on a range of issues, such as complaint handling procedures, obligations to clients, how to deal with complaints raising many issues and dealing with complaints from beneficiaries



Reports and articles

- 10** blogs published in Manchester Law Society Magazine and Today's Conveyancer.
- 4** thematic reports, factsheets and guidance documents published, including a thematic report on complaints involving personal injury claims
- 11** newsletters, blogs and news stories published on LeO's website.

LeO visits

4 visits hosted in the Legal Ombudsman's Birmingham office from:



- Ministry of Justice
- Legal Services Board
- Law Society
- Ombudsman Association

to discuss LeO's new ways of working, changes to the Scheme Rules, and LeO's learning and insight

In focus: ensuring consumers contact LeO at the right time

In 2018 new regulatory rules were introduced aimed at ensuring legal service providers provide consumers with clear and transparent information, including about costs and complaints procedures. The Competition and Markets Authority had found that consumers accessing legal services needed more information to help them navigate the market and make informed decisions and choices.

But the Legal Ombudsman has continued to receive a substantial volume of “premature” contact from consumers – that is, before service providers have completed (or even started) their first-tier complaint process. This accounts for around 30% of the consumer contact LeO receives each year. So in its 2021/22 Business Plan, LeO committed to research the drivers of complaints, including early contact. It shared its findings in 2022/23.

The research set out to understand how easy it was for consumers to use legal service providers’ websites in accessing information on how to complain. Around 40 consumers took part in a series of online tasks. They said they looked for this information on service providers’ home or contact pages but often could not find it there, so they had to navigate elsewhere through multiple menus and pages. Important information was often buried in the small print at the foot of the webpage. Overall, the research clearly identified that consumers want and need information about complaints to be much more prominent.

LeO has used these research results in conversations and engagement with service providers and their representatives throughout the year, making the case for clearer and more visible information. It shared the results with the LSB to inform its review of first-tier complaint handling, and with the Solicitors Regulation Authority for its evaluation of the transparency rules.

LeO has also developed a single-page fact sheet, explaining clearly and concisely its role in complaints, for service providers to send with their client care communication. LeO launched the fact sheet alongside changes to its Scheme Rules on 1 April 2023. To evaluate the difference it has made, LeO is continuing to monitor volumes of “premature” contact.

Quality and customer satisfaction

The Legal Ombudsman combines customer feedback, the results of internal quality reviews, and insight into complaints customers make about its own service to reach a rounded picture of the level of service it provides and how this could be improved.

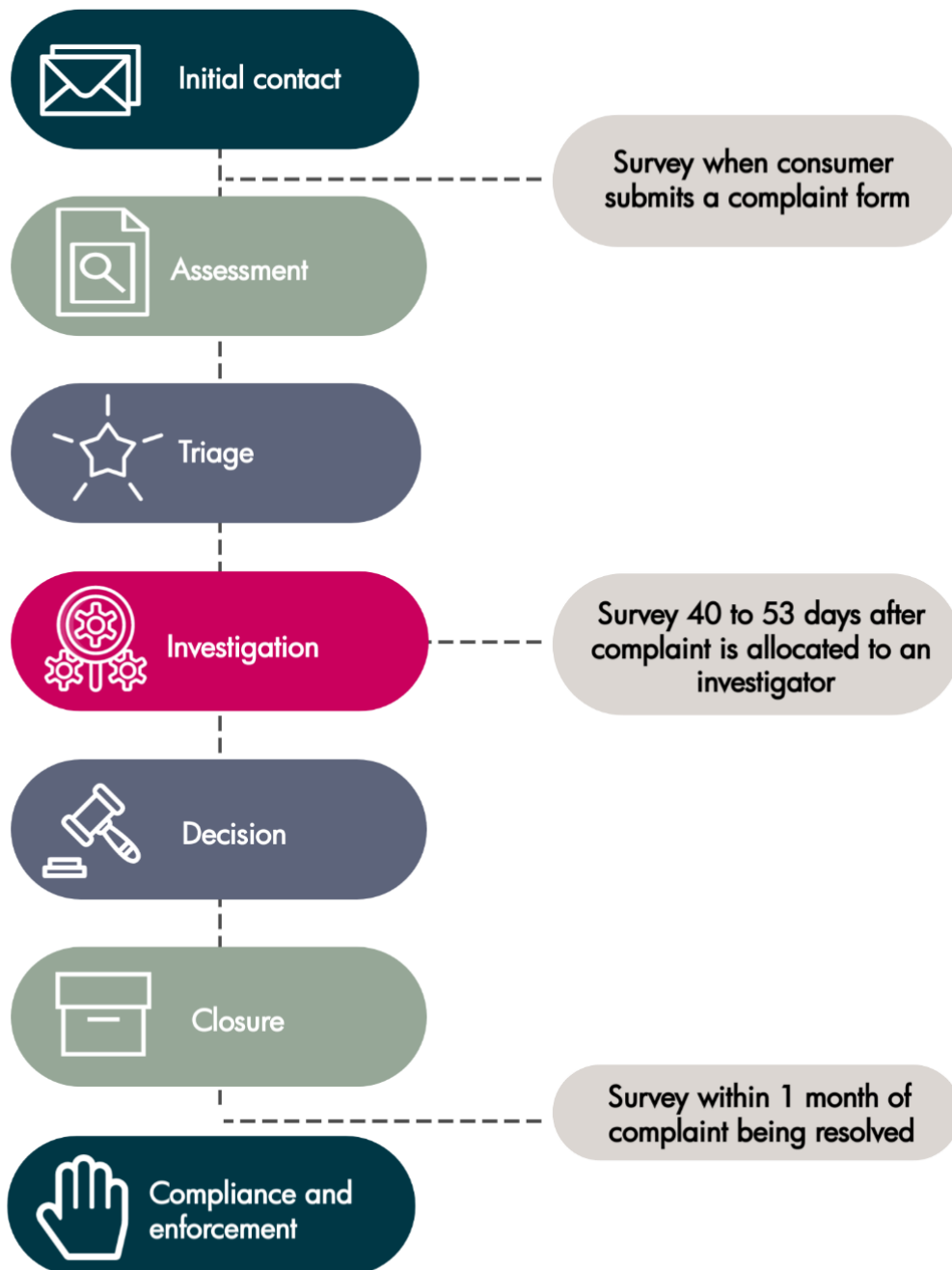
Different stages of customers' journey are monitored – whether the issue that has been referred to LeO is resolved following early signposting or intervention, following an investigation, or by ombudsman's final decision.

LeO's customer satisfaction process involves directly asking consumers and legal service providers how satisfied they are with their experience of using LeO. LeO also has an internal quality review process, which reflects its own assessment of whether the outcome of a complaint and the level of service were reasonable.

Customer satisfaction

LeO customer	After using LeO's complaint checker tool	During the investigation	After receiving the outcome
Consumer	85% (no target; 2021/22: 84%)	50% (target: 65%; 2021/22: 54%)	Those satisfied with the outcome: 94% (target: 85%; 2021/22: 92%) Those not satisfied with the outcome: 11% (target: 15%; 2021/22: 11%)
Service provider	n/a (consumer tool)	43% (target: 65%; 2021/22: 51%)	Those satisfied with the outcome: 86% (target: 85%; 2021/22: 83%) Those not satisfied with the outcome: 17% (target: 15%; 2021/22: 11%)

Customer satisfaction - outline and methodology



In general, customers' satisfaction with their experience of LeO is very closely linked to whether they are happy with the outcome of their complaint. This link is less pronounced for service providers. LeO's ongoing emphasis on cutting journey times for customers means that, even where they don't get the outcome they wanted, they will know where they stand at a much earlier point and be able to move forward, rather than waiting several months for the same answer.

New customers whose complaints were resolved by these early resolution initiatives were also asked for feedback. Although the sample size was small, this feedback suggests customers value the speed and efficiency of resolutions. Some rated the service they received more highly than those whose cases were fully investigated. Outside early resolution, customers' ratings of LeO's service continued to be impacted by longer waiting times and a desire for more frequent updates. LeO is working to address both of these issues.

In response to service and satisfaction reviews, LeO has made changes including:

- improving the acknowledgements and updates it sends;
- improving the process of reallocating cases where staff have left;
- reviewing the process for making reasonable adjustments (see page 55), including using LeO's online complaint checker tool to ask about customers' needs up front;
- establishing a new process for prioritising cases – for example, where customers have medical conditions; and
- expanding its Vulnerable Customer Champion role to include all team leaders and LeO's EDI Team.

In focus: Vulnerable Customer Champions

The Vulnerable Customer Champion (VCC) team was set up to support consumers to access the Legal Ombudsman.

The team helps consumers who can't access LeO themselves, or don't have that the right support or assistance at the time. Potential challenges and barriers could be mental and physical health problems, IT issues, learning difficulties, having no family or carers – or a combination of these factors.

The General Enquiries Team is the first point of contact for people accessing LeO, whether by phone, letter, email or through the website. When the team identify that a consumer may benefit from support, they share details of the consumer's circumstances with the VCCs. If necessary, VCCs can refer cases to a multi-disciplinary team within LeO to get support with complex cases.

The VCC Team can:

- help to complete complaint forms and progress complaints to the stage where they are waiting for an investigator.
- help to draft formal complaints for consumers who can't do so themselves, and send these to the service provider
- help to gather relevant complaint correspondence so the case can progress.

Vulnerable customer and reasonable adjustment training has now been extended to all team leaders in our general enquiries team and resolution centre. All team leaders are now VCCs, providing dedicated support to vulnerable customers.

Quality

Following pilots of early resolution initiatives in 2021/22, in 2022/23 LeO set up an interim quality framework for its new Front-end Team. Service quality at this stage increased throughout the year as the team applied points learned from earlier reviews, although this improvement isn't captured in the annual results in this section.

The introduction of new processes also changed the nature of cases being progressed to an investigation, and staff turnover also had a bearing on performance compared with last year. Through its quality reviews, LeO has identified themes relating to delays and communication and is taking action to address these.

Quality review	Target	General Enquiries Team	Front-end Team (early resolution) investigation/ general enquiries	Front-end Team (early resolution) ombudsman	Investigation	Ombudsman
Did we provide a reasonable outcome? (KPI)	95%	86.8% (2021/22: 88.5%)	80.1% (2021/22: n/a)	96.9% (2021/22: n/a)	80.7% (2021/22: 91.4%)	93.6% (2021/22: 97.1%)
Did we provide a reasonable service?	90%	82.2% (2021/22: 88.1%)	83.1% (2021/22: n/a)	93.8% (2021/22: n/a)	64.0% (2021/22: 70.2%)	92.1% (2021/22: 97.1%)

Quality assurance at LeO



Looking ahead: enhancing quality assurance

During 2022/23 LeO commissioned external research to assess quality assurance provision and best practice within the dispute-resolution sector, with findings delivered in Q4. The research highlights a wide range of approaches and identifies key questions LeO must ask when reviewing its own framework in the coming year.

LeO has also committed to closely monitoring the impacts of changes to its Scheme Rules from 1 April 2023 (see page 29), to ensure that it can identify and mitigate any unanticipated disproportionate effects on different groups of customers. To support this, LeO will monitor customers' EDI data from a much earlier stage of the complaints process, developing metrics it can use going forward. Aligning with the Equity element of the National Audit Office's 4Es model, this will provide increased assurance around the accessibility and fairness of LeO's service to customers from a broad range of backgrounds.

The Service Complaints Adjudicator

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

The Service Complaints Adjudicator's summary Annual Report is published as Appendix 2 to this Annual Report and Accounts. 11 cases were referred compared to 12 in 2021/22. The Adjudicator upheld 22 of the 96 separate issues of complaint involved.

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

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

Delivery against the 2022/23 budget

Business Plan priorities	Business area	2022/23 budget	2022/23 actual expenditure
1 and 2	Operational delivery	£9,482,608	£9,445,453
3	Policy and impact work	£280,820	£237,238
1, 2 and 3 – critical enablers	Corporate functions and business support	£2,461,597	£2,166,204
	Total staff salary expenditure	£12,225,025	£11,848,895
1, 2 and 3 – critical enablers	IT and telecoms	£1,419,534	£1,408,153
	Premises and facilities	£572,023	£594,280
	Other staff expenditure	£195,012	£501,782
	Depreciation	£531,480	£636,116
	Other costs	£374,113	£326,638
	Total non-salary expenditure	£3,092,162	£3,466,970
	Total revenue expenditure	£15,317,187	£15,315,865

For 2022/23 LeO consulted on two budget options:

- Increasing the budget for 2022/23 as indicated in the 2021/22 Business Plan – a total increase of £553,310 (3.8%).
- Increasing the budget by a further 1.3%, to fund additional recruitment that would release experience experienced ombudsmen to carry out additional interventions, enabling a gear change in LeO's performance recovery – a total increase of £741,406.

Following public consultation and stakeholder engagement, LeO took forward the second option. This enabled it fully to apply principles of proportionality to complaints awaiting investigation or incoming but not yet in the investigation queue (pre-assessment pool).

Front-end assessment of the most appropriate pathway for complaints requires a significant level of experience and expertise. The budget allowed for three level-3 ombudsmen to be assigned to this task, and for additional level-2 ombudsmen to take their place. This meant LeO had the ombudsman resources to make final decisions and provide important support for investigators, so it could deliver early resolutions on target without affecting service standards.

This investment in front-line expertise has had significant benefits for LeO's customers, substantially reducing journey times in most cases.

Ensuring value for money

When the OLC was shaping its 2022/23 Business Plan for LeO, the rate of inflation was 5.5% (January 2022 Consumer Price Index) – with significant uncertainty around how it would develop. LeO forecast approximately £1.1 million of purchase expenditure (excluding IT), with 5% inflation adding £55,000. Changes to National Insurance rates added a further £95,000.

To mitigate the impact on the legal services sector, LeO offset necessary increases wherever possible, including by securing a rent reduction and reducing training and marketing budgets. Without these offsets, the budget increase would have been 8%.

In addition, LeO ensured value for money across its operations in a range of ways:

- All recruitment activity is subject to review at Executive Team level to ensure that the intended additional resource is the most effective use of funds and best-placed to improve performance and customer experience. The same rigorous review has been applied to all proposed recruitment for 2023/24.
- All departments have monthly finance meetings to track spending against the in-year budget and forecast future spending.
- Monthly business performance meetings across all teams give the Executive Team greater oversight of work in each area and the risks facing each team.

- Monthly Executive Finance meetings focus on reviewing actual and forecast expenditure, and making decisions about future expenditure.
- The OLC Board subgroup ensures all the assumptions underpinning the 2022/23 budget have been robustly challenged and tested. This makes our projections for future delivery as reliable as possible to assure stakeholders about the ongoing improvement trajectory.

The table below shows LeO’s expected expenditure, output and cost per case resolved (unit cost) for the last three financial years, together with a projection for 2023/24.

However, unit cost has limitations as a measure. For example, it doesn’t capture LeO’s frontline advice, information and signposting for consumers – some 108,000 contacts dealt with each year. Of these, only a small proportion go on to be complaints that are formally referred to LeO, but all the others also require LeO’s input and support. The “cost per person helped” measure in the table divides LeO’s costs by contacts it dealt with. This gives a fairer reflection of the extent of LeO’s activity and value of this early intervention.

The unit cost also fails to capture the value of LeO’s engagement and outreach work aimed at raising standards in the legal services sector. Stakeholder feedback suggests there is strong appetite for LeO to invest further in this area in future years.

	2020/21 actual	2021/22 actual	2022/23 actual	2023/24 budget
Expenditure	13.2 million	£13.8 million	£15.3 million	£16.8 million
Cases resolved	4,704	6,576	9,467	8,128 (likely case)
Cost per case resolved	£2,798	£2,092	£1,618	£2,065
Cost per person helped (based on total new contacts)	£128	£128	£137	£155

Strategic risks and issues

The OLC’s management of risk in 2022/23 built on the foundation of the fundamental review of risk assurance carried out in 2021/22. As part of its risk management framework, LeO undertook a review of its strategic risks. Across the year, risks and issues were identified, managed and addressed as outlined below. Page 80 explains further improvements made to the OLC’s wider risk management and governance.

Strategic risk (SR) or issue (SI)		How it was managed			
<p>SI.01: There is currently a substantial backlog of cases waiting to be worked (pre-assessment pool), causing significant delays to decision times</p> <p>① ② Risk theme: operations Risk appetite: cautious Target score: 9</p>		<ul style="list-style-type: none"> • The queue of cases waiting for an investigation (pre-assessment pool) was reduced by 27% from the end of 2021/22. • Initiatives were developed and implemented to reduce waiting times and improve customers’ experience. • LeO streamlined its quality and feedback process to ensure more time was spent on case progression. The saving in ombudsman time was used to increase decision-making capacity. • LeO also improved the flow of cases going into early resolutions teams, increasing opportunities to resolve complaints at an early stage. • Operations briefings took place throughout the year, with campaigns to engage operations staff in the delivery of LeO’s complaint resolution ambitions. 			
Rating movement over 2022/23					
Q1		Q2		Q3	
16		12		16	
Q4		16			

Strategic risk or issue		How it was managed	
<p>SI.02: Inability to attract, engage, mobilise and retain the right talent and skills at all levels and embed the desired culture</p> <p>① Risk theme: people Risk appetite: cautious Target score: 12</p>		<ul style="list-style-type: none"> • Ongoing recruitment and retention challenges meant that this remained an issue. • Departures within corporate teams included the Chief Operating Officer and EDI Manager – positions directly linked to the OLC’s Business Plan priorities 1 and 2. An Interim Head of Operations and Interim EDI Manager are now in place. • Among actions to address operations recruitment challenges, LeO extended its hub strategy, recruiting 61 colleagues nationally and 21 across its Leeds and Cardiff hubs. • With an external recruitment specialist, LeO launched recruitment campaigns for operations staff. • LeO developed and reprioritised a comprehensive People Strategy to address its most urgent needs. • Given the challenge of competing effectively in ongoing challenges presented by the current recruitment market, and the impact of investigator resource on LeO’s ability to deliver on its aims, “business as usual” investigator recruitment and retention will be tracked as a separate issue in 2023/24 	
Rating movement over 2022/23			
Q1	Q2	Q3	Q4
20	20	20	20

Strategic risk or issue		How it was managed	
<p>SR.01: 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</p> <p>①②③ Risk theme: operations Risk appetite: cautious Target score: 12</p>		<ul style="list-style-type: none"> • As described on page 22, initiatives were implemented to bring down waiting times and improve customers’ experience. • LeO monitored progress in forecast and Business Plan activities, maintaining stakeholder confidence through transparency, increased performance reporting, and regular engagement. • LeO reviewed the process that drives reporting, as well as the metrics reported to stakeholders, and also enhanced its reporting by moving to Power BI. • LeO streamlined its quality and feedback process to ensure more time was spent on case progression. The saving in ombudsman time was used to increase decision-making capacity. • LeO also improved the flow of cases going into early resolution teams, increasing opportunities to resolve complaints at an early stage. • Operations briefings took place throughout the year, with campaigns to engage operations staff in the delivery of LeO’s complaint resolution ambitions. 	
Rating movement over 2022/23			
Q1	Q2	Q3	Q4
16	12	16	16

Strategic risk or issue		How it was managed	
<p>SR.02: Failure to effectively manage and implement transformational change</p> <p>① ③</p> <p>Risk theme: programme and project management</p> <p>Risk appetite: cautious</p> <p>Target score: 6</p>		<ul style="list-style-type: none"> • Many activities supporting LeO’s Business Plan priorities were undertaken as projects or programmes, to ensure rigour in their oversight and delivery. • Change management guidance was reviewed in line with current project and programme architecture, and shared with LeO staff. • “Learn at lunch” sessions and quarterly updates kept staff informed about the management and progress of Business Plan activities. • Lessons learned were shared with relevant staff throughout the life cycle of projects, not just at the end. • A project and programme calendar ensured staff knew when project meetings were scheduled; and a new intranet page made all project documents accessible to relevant staff. • Following review by the Executive Team, this risk will be closed in 2023/24. 	
Rating movement over 2022/23			
Q1	Q2	Q3	Q4
12	9	4	4

Strategic risk or issue		How it was managed	
<p>SR.03: The framework of governance, risk management and control is not sufficiently robust to support the delivery of objectives</p> <p>① ② ③</p> <p>Risk theme: governance Risk appetite: cautious Target score: 4</p>		<ul style="list-style-type: none"> • With the Head of Programme Management and Assurance, a new Risk Manager (in place since April 2022) has undertaken a number of actions to provide more robustness to the Framework of Risk Management and Governance. • The strategic and business unit risk registers are now fully digital on SharePoint. • Monthly business performance review meetings monitor risks and ensure they are effectively managed. • We now have risk indicators and risk tolerances, which are also part of monthly risk conversations and presented quarterly to the Audit and Risk Assurance Committee (ARAC). • The OLC governance framework was approved in Q4, following a full review of decision-making processes and routes of escalation. • Following review by the Executive Team, this risk will be closed in 2023/24. 	
Rating movement over 2022/23			
Q1	Q2	Q3	Q4
10	10	10	10

Strategic risk or issue		How it was managed	
SR.04: Destabilisation of transformation change (Scheme Rules) ① ② Risk theme: strategy Risk appetite: cautious Target score: 8		<ul style="list-style-type: none"> Because the implementation of revised Scheme Rules would have an impact across LeO, it was decided this process would be managed as a project. At the end of the year, the risk score was reduced to 8 due to the successful launch on 1 April 2023. The Executive Team has decided to close this risk. However, in 2023/24 a new Scheme Rules risk will be added to ensure ongoing strategic oversight of the risks associated with the implementation of the changes. 	
Rating movement over 2022/23			
Q1	Q2	Q3	Q4
12	12	12	8

Strategic risk or issue		How it was managed	
SR.05: Lack of leadership resilience at Executive level ① ② Risk theme: people Risk appetite: cautious Target score: 12		<ul style="list-style-type: none"> Overall, this risk maintained its score of 12. Departures within corporate teams included the Chief Operating Officer and EDI Manager – positions directly linked to the OLC’s Business Plan priorities 1 and 2. An Interim Head of Operations and Interim EDI Manager are now in place. 	
Rating movement over 2022/23			
Q1	Q2	Q3	Q4
16	12	12	12

Strategic risk or issue		How it was managed	
<p>SR.06: Risk of OLC expenditure budget variance becoming outside of a tolerable position (either forecast overspend or underspend)</p> <p>①②③ Risk theme: financial Risk appetite: minimal Target score: 8</p>		<ul style="list-style-type: none"> • A significant underspend impacts LeO’s ability to deliver on its plans and priorities, as well as potentially indicating poor budget management. Variances may be due to a range of factors including inability to retain or attract staff, delays in recruitment approval from MoJ, lower attrition than forecast and the impact of inflation. • LeO continued to carry out monthly finance meetings with all budget holders, enabling support with their budget expenditure, an understanding of actual expenditure and the forecasting of out-turn. • The Executive Team attended finance review meetings to review progress on plans to promptly mitigate underspend or overspend. LeO closed 2022/23 within tolerance. 	
Rating movement over 2022/23			
Q1	Q2	Q3	Q4
12	12	8	12

People and organisation

The quality of LeO’s service depends on the quality of its people. The step change in resolving complaints across 2021/22 and 2022/23 reflects the hard work and commitment of everyone who chooses to work for LeO. It also reflects LeO’s significant investment in recruitment, skills, performance management and employee engagement. This investment has supported the cultural shift needed to sustain high levels of service into the future.

As discussed earlier in this report, factors outside LeO’s control include a very competitive market for candidates and limitations on its ability to compete on pay. Such factors have put significant challenges in LeO’s path to improved performance. In particular, as explained on page 92, levels of attrition remain high.

At the same time, LeO has done everything in its power to move towards its goal of being an employer of choice. It is delivering relevant actions under a comprehensive People Strategy.

People Strategy

LeO developed a new People Strategy for 2022/23 to focus clearly on its key people-related challenges: reducing attrition and attracting and retaining highly skilled, motivated people. Built on foundations put in place in 2021/22, the strategy aligns with LeO’s wider objective of supporting and engaging its people and therefore improving and stabilising its performance.

To deliver the strategy, LeO has transformed its HR Team. As with operational roles, recruitment for newly created roles has been challenging. Reflecting this, work under the strategy was reprioritised during the year to ensure it delivered the most critical activities. The table below summarises the progress LeO made.

Activity	Progress in 2022/23
<p>Recruitment and onboarding of new HR team</p>	<p>By the end of the year, four out of six roles had been filled in the transformed HR Team.</p> <p>The team’s business partner model will bring more rigour to embedding LeO’s revised policies and practices, as well as greater responsiveness and collaboration with each area of the organisation.</p>
<p>Review of HR policies</p>	<p>A new developmental performance management framework has been developed, with a holistic approach. Several performance-related policies were updated to align with good practice and underpin this framework: probation; personal development review; performance improvement and support; sickness absence; disciplinary; and grievance.</p> <p>LeO has also reviewed and rewritten its policies on dignity at work, flexible working, redundancy and time off work. Three of these policies were rolled out in July 2022 after briefings with managers on their implementation. The redundancy policy was rolled out in September 2022.</p>
<p>Launch of new leadership development programme</p>	<p>In November 2022 LeO’s leaders and managers developed and rolled out a new leadership development programme to very positive feedback. Seven modules closely align with the new developmental performance management framework and revised HR policies.</p> <p>An external trainer has provided training so far, but LeO’s HR Team will deliver it going forward.</p>

<p>Launch of new personal development review (PDR) process</p>	<p>Following the 2021 People Survey and other feedback about a lack of performance appraisal, a new PDR process was developed and launched in December 2022, following training for managers.</p> <p>The PDR sets objectives and identifies training or development needs. It also gives LeO’s people opportunities to discuss career aspirations with their managers and request any support they need to perform at their best (including reasonable adjustments). Performance conversations will then happen at least every two months.</p> <p>The development needs and career aspirations gathered in this first round of PDRs will inform the training LeO offers its people and the development of a talent management and succession-planning strategy in 2023/24.</p>
<p>Benchmarking – pay and benefits</p>	<p>LeO commissioned external pay benchmarking and carried out job-mapping for all roles. It will use a benchmarking tool to assess non-pay benefits, which will help to develop an employee value proposition (EVP) and to benchmark new or revised job descriptions. LeO will continue to engage with employees over benefits and the EVP.</p>
<p>Review of the staff council and EDI networks</p>	<p>LeO is reviewing its Staff Council to refresh and clarify roles, responsibilities and terms of reference. The aim is to build a higher profile for the council and improve the visibility of its engagement with staff.</p> <p>LeO will take the same approach with its staff-led EDI networks and their work with the council to ensure everyone at LeO has a voice. For more about LeO’s EDI networks, see page 55.</p>
<p>End-to-end review of staff recruitment</p>	<p>LeO has carried out a comprehensive review of its recruitment policy and processes, to ensure job applicants have a high-quality and professional experience. This work, to be completed by July 2023, will also ensure EDI considerations are taken into account.</p>

<p>Payroll</p>	<p>LeO outsourced its payroll in response to a 2022 internal audit recommendation, and to improve efficiency. Work is under way to address legacy system issues and establish guidance and audit trails for the outsourced model.</p>
<p>HR casework</p>	<p>With external support, LeO cleared a backlog of casework that had built up by May 2022 – a result of ongoing recruitment challenges. The business partner model will provide ongoing focus on timely interventions in employee issues. Managers have given positive feedback on the quality of coaching and advice delivered to them on a complex range of people issues.</p>

These activities will complement and inform the development of new key strategies in 2023/24: attraction and recruitment; total reward and recognition; employee retention; engagement; and employee value proposition. LeO will review its “celebrating success” recognition scheme as part of this process. It will also develop a competency framework, as well as strategies for talent management, succession planning and future ways of working.

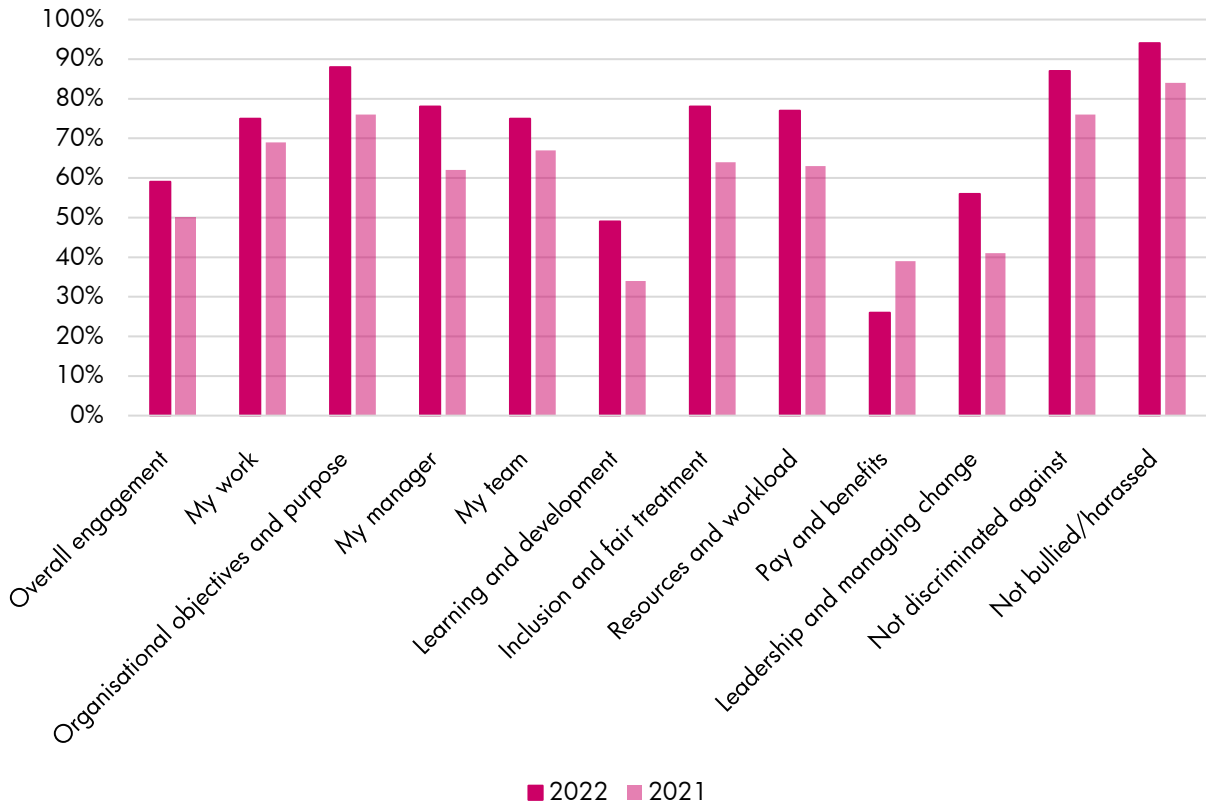
Civil Service People Survey

The action LeO has taken, and its commitment to being a great place to work, are reflected in further significant improvements in its Civil Service People Survey results in 2022. 62% of LeO’s people took part, against a Civil Service average of 65%.

LeO’s people expressed increased satisfaction across all core statements – with the exception of pay and benefits – as well as every engagement-related statement. Having risen 9 percentage points, LeO’s engagement score was 59% against a Civil Service average of 65%.

A detailed analysis of responses, including results for each area of LeO and groups with protected characteristics, has been shared with LeO’s Executive and Management Teams, Staff Council and Remuneration Committee (RemCo) as well as the OLC Board. Building on work already carried out, further action is under way to improve employees’ experience. LeO is holding focus groups and “safe space” meetings with its employee networks to further explore the experiences of staff with protected characteristics. A breakdown of the results is shown on the charts on the following page.

Civil Service People Survey results



Employee engagement



Equality, diversity and inclusion (EDI)

In 2022/23 LeO continued to develop its EDI strategy and activities, helping to build a culture where everyone feels they can be themselves and contribute at their best. LeO's EDI focus also extends to the service it provides to consumers and legal providers.

In respect of LeO's customers, there are several highlights.

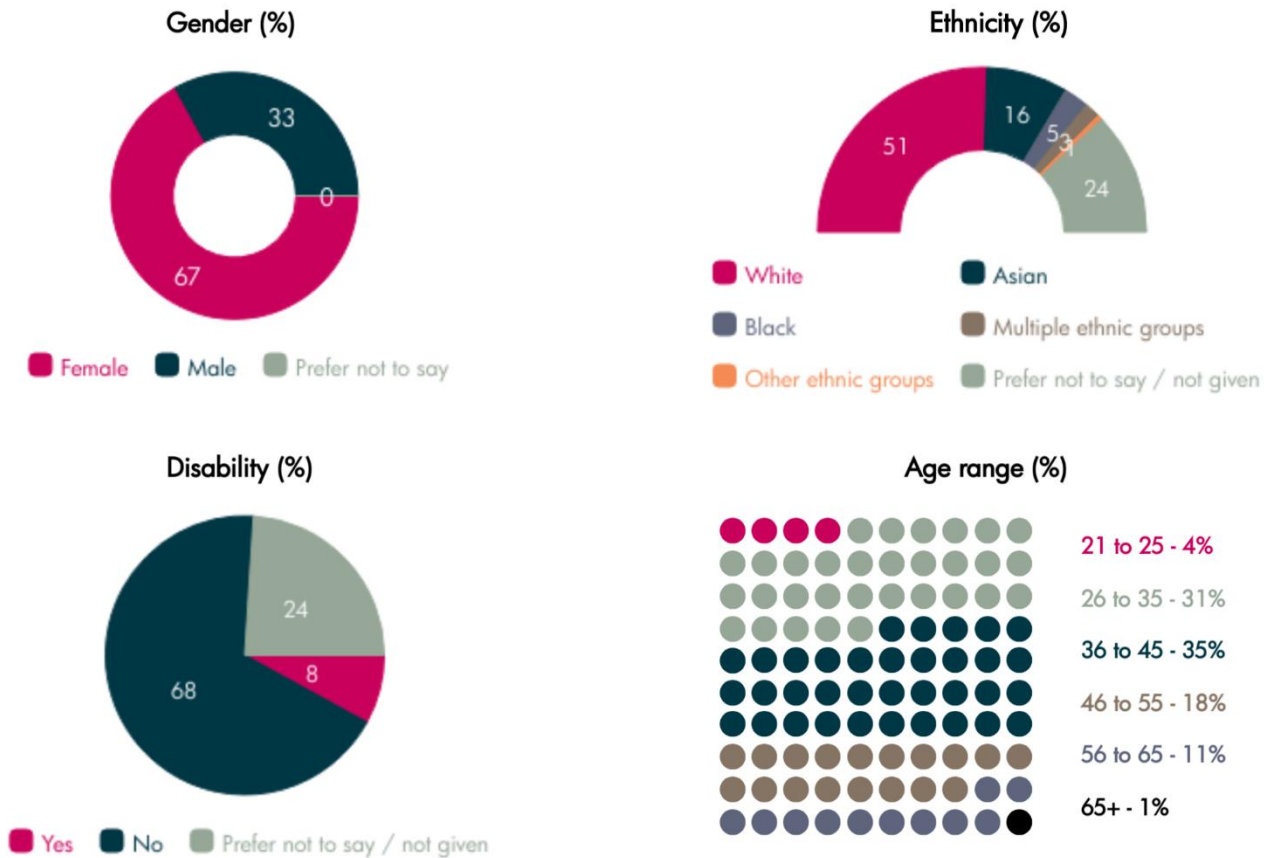
- LeO completed a review of its approach to making reasonable adjustments to meet customers' individual needs, embedding this in its operations and providing updated resources for its people. This included increasing the number of Vulnerable Customer Champions (see page 38) – employees with specific expertise in giving the additional support that some customers need because of their circumstances.
- Linked to this, LeO introduced a new multidisciplinary team of senior managers to support staff handling cases that are complex due to the customer's needs and circumstances. The team's advice helps ensure LeO considers the adjustments it can make, does so consistently, and meets its requirements under the Equality Act.
- LeO extended its existing Vulnerable Customer Champion initiative to include all investigation team leaders and the EDI team.
- LeO developed the way it monitors and reports on customer EDI data as a key part of preparing for changes to its Scheme Rules (see page 29). Core information about the diversity of consumers who use LeO's service is published as part of its [annual complaints data](#) each year.

In respect of LeO's people, this focus has involved further actions.

- LeO has put EDI at the heart of its approach to leadership. As part of LeO's new leadership development programme, workshops have raised managers' awareness of best practice and increased their confidence in areas such as performance development, recruitment, managing attendance and wellbeing, and dignity at work. Wider sessions for LeO's Management Team have focused on inclusive leadership, neurodiversity, and emotional intelligence.
- LeO has joined the Birmingham Disability Forum, helping it learn from best practice in how to support disabled customers and employees. LeO has now been certified as a Disability Confident Level 1 employer, with a goal to reach Level 2 by the end of 2023/24.
- LeO has continued to support the development of its employee-led networks: LGBTQ+, REACH (Race, Ethnicity and Cultural Heritage, relaunched in December 2022), Disability and Carers, and Women (launched in November 2022). These networks' roles and terms of reference are being reviewed and refreshed under the People Strategy, as outlined on page 52.

- A social mobility survey for the OLC Board and LeO’s Executive Team showed the proportions of respondents from professional and working-class socio-economic backgrounds were above national averages, and all had attended state schools. The survey provides a model to roll out to LeO’s wider management team in 2023/24.
- LeO was nominated in the “best candidate experience” category at the Excellence in People Management Awards 2023, reflecting its commitment to supporting candidates and ensuring fairness and accessibility through its recruitment process.
- Extending its hub strategy (see page 58) means LeO has been more inclusive in the talent it can attract – now totalling around 50 people nationally across home-based and hub-based roles.
- A pilot reverse-mentoring programme was developed, to be carried out in early 2023/24.
- Development began of a suite of employee EDI data, accessible via a Power BI dashboard, with launch planned for Q4 2023/24. This will let LeO track and report on trends and benchmark its performance, informing its EDI and People Strategies.

The diversity of LeO's people



Wellbeing

During 2022/23, following a period when most employees worked exclusively from home, LeO continued its shift to a hybrid model of working. It also maintained its commitment to supporting employees' wellbeing wherever they are working. LeO took action in the following ways.

- LeO continued to promote the support offered by its wellbeing champions, employee assistance programme and "buddy circles".
- EDI and wellbeing were embedded in the new personal development review process, so that managers are discussing and formally noting any support and adjustments their people need.
- The People Strategy (see page 51) included establishing robust policies and processes to let managers effectively address absence and support their people, including those on long-term sickness leave.
- LeO ensured wellbeing and EDI are at the heart of its leadership development programme, including specific modules on managing attendance and wellbeing.
- Evaluation of recruitment activity continued, ensuring that any lessons about support and wellbeing are fed into future rounds of recruitment and induction.
- A month-long series of events in October 2022 brought together the Health and Safety Team, wellbeing champions, first-aiders, fire marshals, evacuation chair operators and external suppliers. This provided an engaging opportunity for staff to build their awareness of LeO's initiatives on health, safety and wellbeing.

Sickness absence decreased across 2022/23, reflecting LeO's investment in this area. There is more information about sickness absence on page 91.

Training and development

The Legal Ombudsman has continued to support its staff to develop their expertise in areas of complaint and effective complaint handling, as well as their personal development.

Although LeO still sees considerable room for improvement, the proportion of employees agreeing that there are opportunities for them to develop their careers with LeO rose 15 percentage points from the previous year to 55%.

In 2022/23 training and development activity included:

- launching a new knowledge homepage, bringing together learning resources to make it easier for staff to find the support they need, with a new learning library of video content;
- ongoing review and updates of LeO's knowledge guidance notes, helping ensure consistency in resolving complaints;

- training in Lean Six Sigma (a team-focused approach aimed at improving performance and efficiency) for operations managers and team leaders;
- training in core communication skills for investigators;
- training for team leaders on reasonable adjustments, following a review of LeO's approach to supporting customers;
- a range of wider training for LeO's people, including its leaders, rooted in its commitment to EDI (see page 55); and
- compulsory Civil Service training around core areas such as data protection and cyber security.

LeO's new PDR process will play a key role in identifying training needs and career aspirations, so that effective responses can be provided.

Hub strategy and future ways of working

In June 2022 LeO opened a hub in Cardiff: its first presence outside Birmingham since starting work in 2010. In January 2022 LeO opened a second hub in Leeds.

This followed significant work to understand the potential for the hub model, which involves LeO finding opportunities to share office space with the MoJ and other arm's-length bodies. In the face of significant recruitment challenges, this has expanded LeO's access to the talented people it needs. By making efficient use of existing office space, it also supports LeO's commitment to being financially and environmentally sustainable. The Leeds hub uses existing MoJ hub space, making it a low-risk option with no additional costs to LeO.

The decision to expand to Leeds reflected the success of the Cardiff "proof of concept". It also reflected LeO's national recruitment experience, which identified that some previously office-based employees preferred not to work remotely full-time. Feedback from employees at hubs has been very positive about both the space and working alongside colleagues from other organisations.

LeO will continue to monitor both hubs' success, and is developing a strategy for future ways of working, aligning with the August 2024 expiry of the current lease on its Birmingham office. This will involve significant engagement with LeO staff, as well as with the MoJ and current and prospective landlords to understand the financial and environmental benefits of available options.

Sustainability report

As highlighted in the governance statement on page 72, the OLC is committed to following best practice in the governance and management of the Legal Ombudsman. This extends to ensuring LeO is a sustainable and socially responsible organisation, both in its capacity as a public service and as an employer.

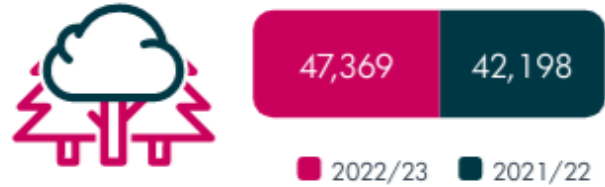
LeO's shared office arrangements mean it can't access a full range of sustainability data, or gauge with any accuracy its individual impact on climate change. This

section brings together the information that is available, and highlights any action LeO has taken or plans to take to minimise its climate impact. It also signposts other areas of this report that together provide a more complete picture of the impact of LeO’s operations.

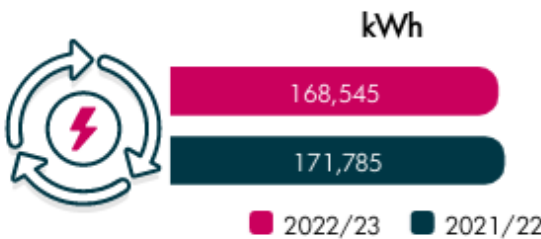
Office footprint



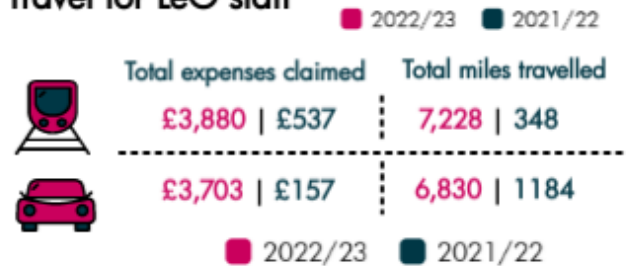
Paper use



Energy use



Travel for LeO staff



Office footprint

LeO has a hybrid working arrangement: employees who live within an hour’s commute spend two days a week in its Birmingham office or Cardiff or Leeds hubs. Energy consumption data isn’t available for LeO’s hub offices, so the data below relates to Birmingham only. However, in sharing with the MoJ and its other arm’s-length bodies, LeO’s hubs and any additional space it takes will be subject to initiatives to reduce the environmental impact of government. The sustainability of LeO’s working arrangements is a central feature of its strategy on future ways of working, which will be developed during 2023/24.

Reducing the impact of IT

A number of IT initiatives contribute to reducing environmental impact. LeO has provided staff with equipment (such as secondary screens) to enable effective home working and minimise travel to the office. It now uses cloud-based servers, minimising the need for air-conditioned server rooms, while economies of scale create environmental efficiencies. Printers require users actively to select to print, which reduces unnecessary printing. The IT Team reuses existing IT equipment packaging when sending equipment to staff.

Energy use

	kWh	
Energy type	2022/23	2021/22
Electricity	168,545	171,785

Data for energy use comes from LeO's landlord. Building efficiency, which is the landlord's responsibility, has a major impact on energy loss.

Travel for LeO staff

Mode	Total expenses claimed		Total miles travelled	
	2022/23	2021/22	2022/23	2021/22
Road	£3,703	£157	7,228	348
Train	£3,880	£537	6,803	1,184

LeO's city-centre location in Birmingham allows many employees to get to work on public transport. From July 2022 bike storage has been available to staff. LeO's strategy on future ways of working is considering employees' journeys to work.

Paper use

Pages printed (office printers)	
2022/23	2021/22
47,359	42,198

Paper use increased slightly, reflecting the fact that more LeO employees are working in the office now Covid-19 restrictions have been lifted.

Waste, waste minimisation and water consumption

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

LeO's kitchen spaces use Ziptap's energy-efficient "sustainability" taps.

Sustainable procurement

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

Other reporting

Capital expenditure

In 2022/23 the OLC had a capital expenditure budget of £250k (2021/22: £250k) allocated by MoJ. Total expenditure was £250k (2021/22: £147k). The capital investment included £88k on premises expenditure, including fitting office pods and an IT room at Edward House, Birmingham; £162k on IT expenditure including hardware; and updates to the case management system for Scheme Rules and Legal Team requirements.

Payment of creditors

The OLC is committed to paying supplier invoices by the due date (or within 30 days of receipt if no due date has been agreed) and to dealing with payment queries promptly or notifying the supplier promptly of any delay. It paid 80% of invoices within agreed terms in 2022/23 (2021/22: 67%). This reflects year-on-year improvements since 2020/21 (34%). It paid creditors in 28 days on average (2021/22: 31 days).

Throughout the year, the timeliness of payments improved thanks to continued weekly payment runs, the resolution of process issues, and ongoing internal engagement to ensure invoices were approved and purchase order requests raised. This required the whole Finance Team's dedication and commitment in creating, managing and thoroughly checking the payment run, working with budget holders, and covering for colleagues on leave.

Counter fraud, corruption and bribery

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

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

The OLC 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's Counter Fraud Centre of Excellence.

Cyber security

Since moving to homeworking in March 2020, and subsequently adopting a hybrid model of home and office work, 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 generated by increased homeworking are user carelessness and external attacks (particularly phishing attempts). Key parts of our security mechanism to prevent malicious attacks are an automated cloud protection tool (SAAS) which monitors the Office 365 environment for suspicious behaviours, and an advanced email spam filter.

A number of additional security measures were put in place in 2022/23 to address weaknesses identified through an external cyber security assessment. Cyber awareness training is now a mandatory requirement for all new starters, and internal testing and training have continued, including a phishing exercise. The measures taken to date are proportionate and provide adequate mitigation of the current cyber security threats we face. Our future focus will be on vulnerability testing and user education.

Looking ahead

2023/24 Business Plan, Budget and Interim Strategy

2023/24 will be a critical year in LeO's journey to reaching an acceptable and sustainable level of performance. By the end of March 2024, it will have cut the queue of people waiting for its help to a functional level, giving both users and legal service providers a significantly shorter and better experience with LeO.

2022/23 was the third year of the three-year strategy period. Many initiatives with a strategic impact are in train, including recent changes to Scheme Rules, work to increase the transparency of LeO's its decisions, its critical People Strategy and its EDI plans. So the OLC has set out a tightly focused, one-year interim strategy. This doesn't change the broad direction of the OLC's strategic objectives, but refocuses them for a further year during which LeO will embed more deeply the changes and improvements it has already made and reach a point of stability.

At the centre of the OLC's refocused vision for 2023-24 are LeO's customers – users and providers of legal services – together with the clearer ambition that its independent voice contributes to a thriving legal sector.

The OLC's refocused mission for 2023-24 reflects LeO's ongoing shift towards increasing both early resolution and proportionality. It also reflects LeO's ambition to contribute to better legal services by sharing experience openly and collaboratively.

LeO's experience in 2022/23 has helped to further improve its understanding of the factors that affect its performance. Together with improvements to structures and

processes across the organisation, this forms a strong foundation for the OLC and LeO to set longer-term plans and ambitions. During 2023/24, the OLC will develop a new strategic framework for the years ahead, engaging with stakeholders before consulting formally later in the year.

In finalising its Business Plan, budget and interim strategy, the OLC engaged with a wide range of stakeholders, representing both providers and users of legal services. A summary of the consultation process and responses, together with the final documents, is available at <https://www.legalombudsman.org.uk/information-centre/>.

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

What to expect in 2023/24
LeO will resolve between 7,555 and 8,128 complaints about legal services
LeO's budget is £16.8 million
In the context of inflationary pressures and unavoidable costs, LeO has minimised and accommodated increases within its existing budget wherever possible
LeO's Scheme Rules changed on 1 April 2023

Business Plan priorities	Area of expense	2023/24 budget
<i>1 and 2</i>	Operational delivery	£10,683,235
<i>3</i>	Policy, impact and engagement	£364,620
<i>1, 2 and 3 – critical enablers</i>	Corporate functions and business support	£2,470,759
	Total staff salary expenditure	£13,518,614
<i>1, 2 and 3 – critical enablers</i>	IT and telecoms	£1,617,634
	Premises and facilities	£679,205
	Other staff expenditure	£238,073
	Depreciation	£555,353
	Travel	£27,940
	Interest receivable	-£187,973
	Other costs	£334,207
	Total non-salary expenditure	£3,264,438
	Total revenue expenditure	£16,783,052

Like many organisations, the OLC developed its 2023/24 budget at a time of significant uncertainty. LeO has aimed to minimise and accommodate any increases within its existing budget wherever possible. The consultation budget reflected the lowest possible increase the OLC could request while ensuring LeO could still deliver for its customers and reflect the impact of rising living costs for its staff.

LeO will deliver its 2023/24 plans on a budget which, before inflation (excluding on energy costs) and not including pay inflation, is broadly level (1.4% higher) with 2022/23 at £15.5 million. Including inflation at 10% and a pay remit of 8%, the increase is 9.6% – a budget of £16.8 million. Even with pay and inflationary increases, this represents a below-inflation budget and a decrease in real terms.

The balance outlined above was at the heart of the OLC and LeO's conversations with stakeholders during the consultation period. Responses to the OLC's consultation broadly accepted the need to increase LeO's budget, while emphasising the increased costs faced by organisations within the legal sector itself.

The majority of LeO's income comes from a levy on regulated legal service providers. In 2023/24 LeO expects that around 50% of business-as-usual case closures (cases not going through early resolution) in 2023/24 will be subject to a case fee (broadly level with 2022/23), giving an income of £0.87 million (covering 5.2% of LeO's expenditure). LeO estimates that Law Society members will see their individual levy contributions increase by approximately £8.56.



Paul McFadden

Chief Ombudsman and Accounting Officer

19 June 2023



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 2022/23 internal audit opinion.

Corporate governance report

Directors' report

The Office for Legal Complaints is an arm's-length body of the MoJ. The OLC has responsibility under the Legal Services Act 2007 to set up and administer a scheme (the Legal Ombudsman) for handling complaints about 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 have been Chief Ombudsman and Accounting Officer since January 2021 and have been the Accounting Officer throughout the reporting period. I am responsible for the day-to-day operations and running of the Legal Ombudsman. I work under the direction of the OLC Board, and as Accounting Officer I am accountable to the MoJ Permanent Secretary and Principal Accounting Officer.

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

OLC Board and composition

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

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

The OLC Board	Term(s)	Role(s)
 <p data-bbox="272 600 504 633">Elisabeth Davies</p>	<p data-bbox="603 398 959 517">1 April 2020 to 31 March 2023 and 1 April 2023 to 31 March 2026</p>	<p data-bbox="1015 421 1334 495">Non-Executive Director and OLC Chair</p>
 <p data-bbox="260 965 517 999">Rachel Cerfontyne</p>	<p data-bbox="635 786 927 860">1 March 2023 to 30 April 2027</p>	<p data-bbox="1015 808 1334 842">Non-Executive Director</p>
 <p data-bbox="304 1361 472 1395">Jane Martin</p>	<p data-bbox="611 1144 951 1263">1 May 2018 to 30 April 2021 and 1 May 2021 to 30 April 2024</p>	<p data-bbox="1015 1167 1334 1240">Non-Executive Director and Chair of RemCo</p>
 <p data-bbox="236 1805 533 1839">Harindra Punchihewa</p>	<p data-bbox="624 1585 935 1659">1 October 2020 to 30 September 2024</p>	<p data-bbox="1015 1592 1334 1666">Non-Executive Director and Chair of ARAC</p>

The OLC Board	Term(s)	Role(s)
 <p>Alison Sansome</p>	<p>1 August 2021 to 31 July 2024</p>	<p>Non-Executive Director, Chair of RemCo and member of ARAC</p>
 <p>Dale Simon</p>	<p>1 August 2021 to 31 July 2024</p>	<p>Non-Executive Director, member of RemCo and Board EDI sponsor</p>
 <p>Martin Spencer</p>	<p>1 August 2021 to 31 July 2025</p>	<p>Non-Executive Director and member of ARAC</p>
 <p>Patricia Tueje</p>	<p>1 March 2023 to 30 April 2026</p>	<p>Non-Executive Director</p>

The OLC Board	Term(s)	Role(s)
Elisabeth Bellamy	1 March 2018 to 28 February 2020 and 1 March 2022 to 28 February 2023	Non-Executive Director and member of RemCo
Annette Lovell	1 March 2018 to 28 February 2020 and 1 March 2022 to 28 February 2023	Non-Executive Director and member of ARAC

Registration of interests

The OLC Board members' register of disclosable interests can be found at <https://www.legalombudsman.org.uk/information-centre/corporate-publications/governance/registers-of-interests-and-expenses/>.

Auditors

The MoJ provides internal audit services to the OLC through the Government Internal Audit Agency (GIAA). During 2022/23 the cost of audit work was £45,000 +VAT (2021/22: £44,000). 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 2023 the C&AG has estimated the costs at £42,000 (2021/22: £40,000). The services provided by the C&AG staff relate only to statutory audit work.

Going concern

The OLC is a statutory body established by the Legal Services Act 2007. Under the Legal Services Act 2007, the OLC is funded by a levy on the legal profession. Levy funding is provided by the Approved Regulators annually in arrears. As at the date of signing (19 June 2023), the OLC has enough cash resources to meet anticipated expenditure and other net liabilities for the next 12 months.

Format of accounts

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

Statement of Accounting Officer's responsibilities

Under the Legal Services Act 2007, the Lord Chancellor has directed the Office for Legal Complaints (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 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

19 June 2023

Governance statement

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

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

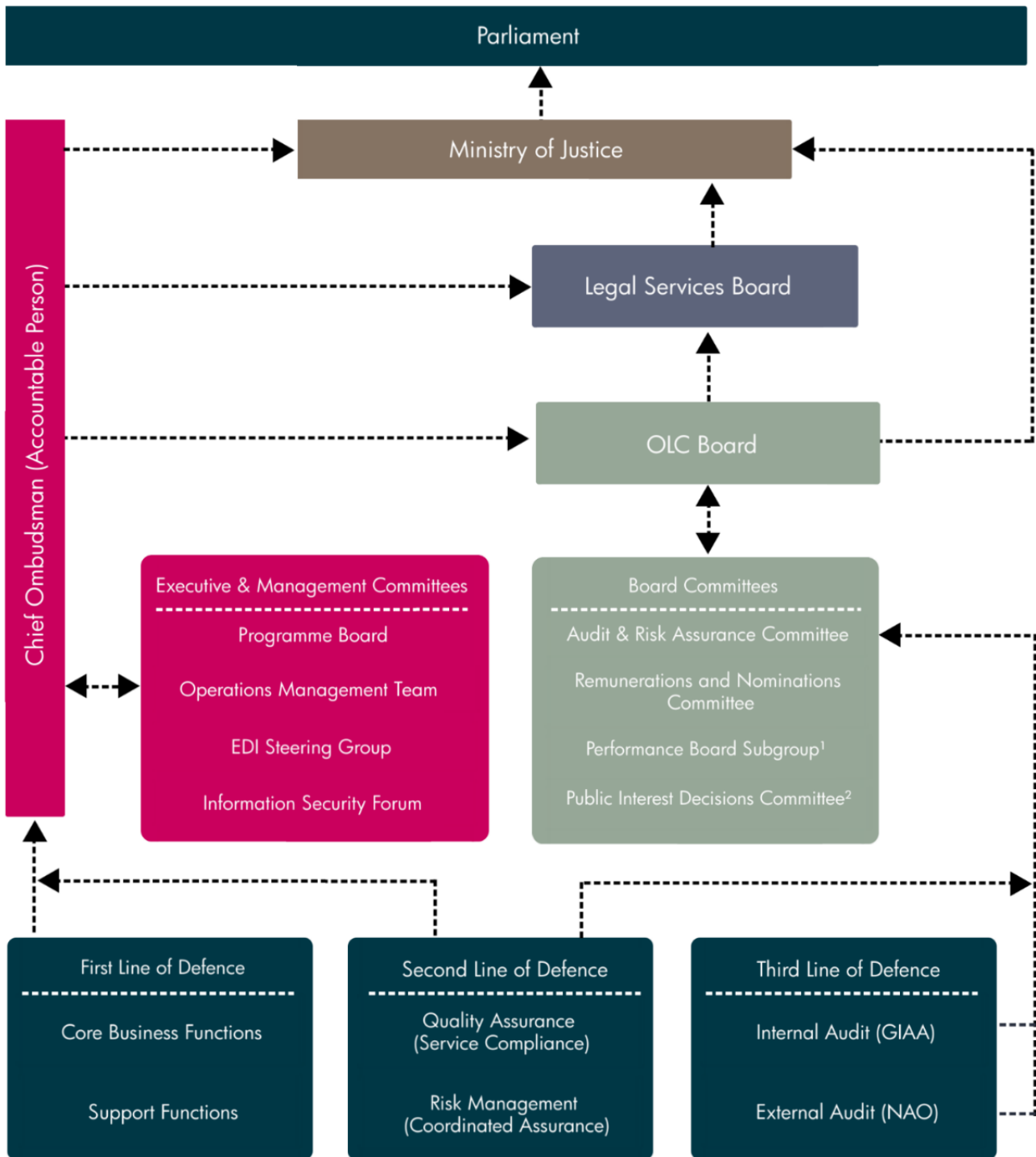
Under the leadership of the Head of Finance and IT, the Finance Team has worked closely with the organisation's Management Team, to improve the financial management across the organisation, and to ensure that budgetary monitoring and control are a shared Executive responsibility. The Finance Manager has worked closely with budget holders to support them in understanding and managing their budgets, and in jointly updating financial forecasts. The Executive Team held monthly financial review meetings, where it focused on monitoring emerging budgetary variances and implementing mitigating actions. This has led to the overall actual expenditure being almost equal to the budgeted expenditure.

The Head of Finance and IT and the Finance Manager provide assurance on financial governance through close monitoring of financial transactions. This is aided by ensuring that monthly balance sheet reconciliations are completed and reviewed, and financial processes are followed, including the separation of duties. Cross-training was undertaken in 2022/23 to ensure that roles in finance can be covered by other members of the team when there are staff absences.

Regular reporting to the OLC Board has continued in 2022/23, with the Chair of the Audit and Risk Assurance Committee (ARAC) asking for further information as required to provide assurance of appropriate financial management.

As outlined on page 83, internal audit opinion for 2022/23 was that the OLC has "transformed from an organisation that previously completed risk registers periodically to one that factors risk, risk tolerances and risk appetites into key decision-making processes".

OLC governance framework



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

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

Governance framework and management structure

Section 117 of the Legal Services Act 2007 requires the OLC to “have regard to such generally accepted principles of good corporate governance as it is reasonable to regard as applicable to it”. The OLC is a statutory body accountable to both the Ministry of Justice and the Legal Services Board. The [Tripartite Operating Protocol](#) describes how the three organisations will work together, and requires the OLC to “apply appropriate internal governance that supports effective delivery of its scheme and commands the confidence of the LSB and MoJ”. An updated version of the protocol was published in January 2023.

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

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

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

As the chart on page 73 shows, the OLC’s governance framework follows the “three lines of defence” model. This framework is published in full on [LeO’s website](#). It was fully refreshed in 2022/23, with a view to continuously improving the internal governance framework and the clarity of its presentation. The revised assurance map reflects the OLC’s improvement journey so far, including the significant amount of work undertaken as part of a focus on governance and contracts, including a review and update of 42 LeO policies. LeO staff sign a declaration to confirm they have read and understand the organisation’s policies, and proactive engagement with LeO’s people ensures policies are followed. Annually going forward, ARAC will review an executive summary of the assurance map, which will set out a “red, amber, green” (RAG) status based on assurance coverage. See page 81 for more on the assurance map.

To ensure it effectively discharges its statutory duties and makes high-quality decisions, the OLC Board has established committees that make recommendations to the Board. It has also established a Performance and Quality Task and Finish Group. There is more information about these from page 78. Through its ongoing scrutiny of LeO’s business information, forecasting and reporting arrangements, supported by the introduction of the Power BI business intelligence software, the OLC Board is satisfied that the data it uses to support its decision-making is robust.

Key relationships

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

Alongside these with formal governance relationships, the OLC has a wide range of external stakeholders, including regulators, other Ombudsman schemes and complaint-handling bodies, professional associations, legal service providers and representatives of legal services consumers. The OLC has working arrangements in place with all the frontline regulators of legal services, which are set out in a series of Memoranda of Understanding [available on LeO's website](#). There is more about these relationships, and the impact of this stakeholder engagement, on page 34. LeO staff are also core stakeholders of the OLC; there is more about employee engagement under "People and organisation" on page 50.

In 2022/23 the OLC maintained its commitment to transparency around the Legal Ombudsman's performance. This has supported ongoing improvement in confidence levels – among both staff and external stakeholders – in LeO's leadership and its ability to provide a valued service for the legal sector and its customers. The OLC also started conversations with key stakeholders about its future multi-year strategy for LeO, focused on stakeholders' expectations and ambitions for the future of the scheme.

Effectiveness of the Board and its committees

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

The Code recommends that an independent evaluation of board effectiveness be undertaken at least every three years. In keeping with this, a review was commissioned in 2022/23. While the full report will not be considered by the OLC Board until 2023/24, the review has included:

- a desktop review of key documents to build an initial picture of the Board's effectiveness and to understand whether documents and practices align with good practice;
- a survey and interview of all Board members to gather insights, emerging areas of interest, or gaps in understanding; and
- observation of meetings to offer a view on how skills are used in practice, the quality of discussions and interaction, and boardroom culture and behaviours.

Following receipt of the report, the OLC Board will develop and agree an action plan which will be implemented throughout 2023/24. This is a central plank of the Board's commitment to its own ongoing evolution and change and its readiness to lead development of a new strategy for LeO in 2023/24.

The Board has also continued to prioritise its effectiveness alongside its development in a number of other ways. Particular initiatives have included:

- with the support of the LSB, appointing two new Board members and holding meaningful and well-received induction sessions;
- reviewing and updating the membership of all Board committees;
- reviewing the focus and form of its Performance and Quality Task and Finish Group and overseeing its transition into a Performance Board Group;
- completing committee effectiveness reviews and using the findings to inform an action plan for each Board committee over the next year;
- sharing skills audits with each Board member and collating the findings to ensure best use of their individual skills, and also to support work with LSB on future Board needs and succession planning; and
- working with the Executive Team on an externally facilitated Board workshop on the new strategy, identifying the key questions to ask and any points of divergence within the Board or between the Board and the Executive Team.

In addition, each Board member receives an annual competency-based appraisal of their performance in quarter four, which is shared with the Legal Services Board. In 2022/23 these appraisals included exit interviews with the two outgoing Board members who had completed their second terms of office. A thematic review of the key themes from the annual reviews, alongside the collated findings of the skills audits, was shared at a Board meeting.

Before every Board meeting, the Chair identifies a Board member to give feedback at the end on the meeting's effectiveness, asking: Which session has worked particularly well during the 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 2022/23 ongoing improvements were made to:

- the quality and length of written papers, with better use of executive summaries;
- the structure of agendas, with a clearer focus on which items are for decision and approval; and
- the use of pre-Board sessions, including more informal discussions with LeO's people, and open lunches with staff to ensure greater visibility of the Board.

OLC Board		
Operating framework and rules of procedure	https://www.legalombudsman.org.uk/information-centre/corporate-publications/governance/governance-frameworks/	
Membership and attendance	Name	Attendance at meetings, seminars and workshops
	Elisabeth Davies (Chair)	9/9
	Elisabeth Bellamy	8/9
	Rachel Cerfontyne	n/a*
	Annette Lovell	9/9
	Jane Martin	7/9
	Harindra Punchihewa	8/9
	Alison Sansome	9/9
	Dale Simon	7/9
	Martin Spencer	8/9
	Patricia Tueje	n/a*
	Key activities and focus areas in 2022/23	<ul style="list-style-type: none"> • Scrutinising and challenging progress against the 2022/23 Business Plan and Budget, including delivery against LeO’s trajectory for performance improvements. • Developing and approving the 2023/24 Business Plan, budget, and budget acceptance criteria submission to the LSB, including assurance around the robustness of LeO’s forecasts. • Quality assurance, including in view of changes to LeO’s processes. • Progress against the delivery plan for changes to the OLC’s Scheme Rules from 1 April 2023, including plans to assess the impact of changes on LeO’s customers and planned stakeholder engagement. • The progress of LeO’s People Strategy, EDI programme and actions arising from the 2021 Civil Service People Survey, as well as the results of the 2022 survey. • The development of LeO’s future strategy on ways of working. • Lessons learned from the 2021/22 Annual Report and Accounts process. • Review of the Board’s effectiveness. • Annual review of governance documents, including scheme of delegations, OLC rules of procedure and committee terms of reference.
<p>*Rachel Cerfontyne and Patricia Tueje’s terms of office as OLC Board members began in March 2023. There were no OLC Board meetings that month.</p>		

OLC committees

Audit and Risk Assurance Committee (ARAC)	
Terms of reference	https://www.legalombudsman.org.uk/media/0g0e15xf/arac-terms-of-reference.pdf
Membership and attendance	Name
	Harindra Punchihewa (Chair)
	Annette Lovell
	Alison Sansome
	Martin Spencer
	Elisabeth Davies (observer)
Key activities and focus areas in 2022/23	<ul style="list-style-type: none"> • The update of ARAC’s terms of reference to reflect its role in the budget and business-planning process, and the annual review of its own effectiveness. • The identification, movement and management of strategic risks and issues relating to the delivery of LeO’s strategic objectives – including working with the Programme Management and Assurance Team to develop and put in place a risk dashboard, providing a coherent view across risk and performance. • Approving an updated assurance map, following a comprehensive assurance review in 2021/22. • LeO’s approach to financial forecasting and mitigating the risk of future underspend. • The budget-setting process for 2023/24, 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, considering progress against and results of the internal audit programme. • Advising the OLC Board on the annual financial statements in terms of assurance gained on compliance with good practice, accounting standards and accounting policies adopted by the OLC, after reviewing all internal reports as well as reports produced by the external auditors including their management letter. • Review of the external audit plan and progress made in delivering it. • Private meetings with both sets of auditors. • Lessons learned from the 2021/22 Annual Report and Accounts process.

	<ul style="list-style-type: none"> • Annual reviews and reports of data protection, data assurance, information rights, risk management, health and safety, security, cyber security, counter fraud and financial governance. • Considering options for “deep dive” reviews, with a review of business continuity presented in May 2023.
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Remuneration and Nominations Committee

Terms of reference	https://www.legalombudsman.org.uk/media/s3ylthg4/remco-terms-of-reference.pdf
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Membership and attendance	Name	Attendance
	Elisabeth Bellamy (until 28 February 2023)	
Rachel Cerfontyne (from 1 March 2023)		1/2*
Alison Sansome (Chair)		2/2
Dale Simon		2/2
Elisabeth Davies (observer)		1/2

Key activities and focus areas in 2022/23	<ul style="list-style-type: none"> • Prioritisation and implementation of the People Plan and Strategy. • Annual meeting with LeO’s Staff Council • Civil Service Survey results. • Review of ongoing approach to recruitment, retention and attrition and their impact on 2022/23 Business Plan delivery, including recruiting into the restructured HR function. • Reward and recognition approach, including pay benchmarking review of all roles. • Executive pay for 2022/23. • Progress on the implementation of the performance management framework and supporting policies. • Approval of additional policies covering dignity at work, flexible working, time off work and redundancy. • Review and approval of the gender pay gap report. • Review and approval of the annual health and safety compliance report. • Refresh of the committee and its terms of reference.
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*RemCo meetings in 2022/23 were scheduled for November 2022 and March 2023. Elisabeth Bellamy’s term of office as an OLC Board member ended in February 2023, so she did not attend the second meeting of the year. Rachel Cerfontyne’s term of office as an OLC Board member began in March 2023, so she only attended the second meeting of the year.

Performance and Quality Task and Finish Group	
Terms of reference	Rather than being a standing committee with ongoing delegated responsibilities, the group focuses on specific aspects of performance and quality as required and in relation to the budget and business planning cycle.
Key activities and focus areas in 2022/23	<ul style="list-style-type: none"> • Reviewing, validating and adjusting (where required) the assumptions underpinning business planning forecasts. • The timescales and impact of activities contributing to LeO's ongoing performance improvement. • 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/Public Interest Decisions Committee	
Terms of reference	https://www.legalombudsman.org.uk/media/cxljufhs/category-1-publications-committee-terms-of-reference-october-2021.pdf
Key activities and focus areas in 2022/23	The OLC established a Category One Publications Committee to guide the OLC in the exercise of its discretion under Section 150 of the Legal Services Act 2007. This means it oversees the approval process to publish decisions that highlight a serious risk to the public. The committee did not meet in 2022/23, pending completion of a second-phase review of LeO's transparency programme and wider work to improve both complaint handling and consumer outcomes in the legal sector. This will be considered in 2023/24 as a key part of developing the OLC's 2024-27 strategy.

Risk management and risk assurance

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

Risk is identified at different levels within the organisation.

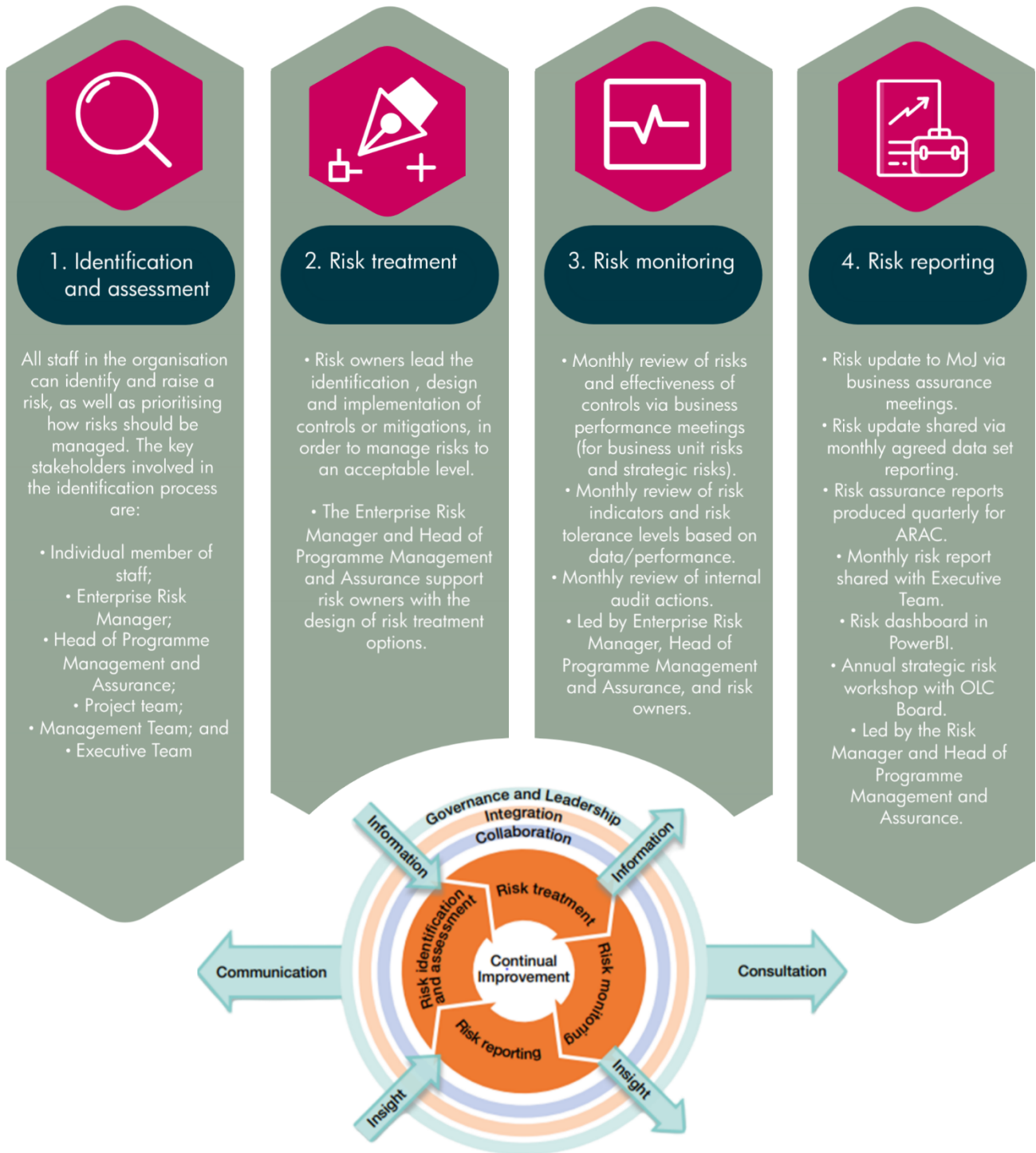
- Project risks are identified by the Programme and Project Team. These are maintained and updated in a project risk log and jointly reviewed with LeO's Risk Manager once a month. Project risks are also reported monthly to a Programme Board, which will make decisions on the appropriate action to take.

- Business unit level risks are identified and reviewed monthly as part of business performance review meetings. The review of these risks is also linked to performance data and key risk indicators. Business performance reviews are held between the Risk Manager and the risks owners. Applicable risks are escalated to the Executive Team for discussion, following the escalation process in the OLC risk management framework.
- The Executive Team regularly monitors and updates strategic risks and issues. These are discussed every month at Executive Team meetings. In addition, there is a quarterly in-depth review of the strategic risks and issues, which drives risk reporting and assurance to ARAC and the OLC Board.

Key updates in 2022/23 included:

- **Risk culture.** LeO introduced a bespoke risk management induction for new starters, which provides an overview of how risk is managed, the process and levels of escalation. A survey on risk carried out with LeO staff in Q4 saw high levels of engagement. The results will be shared with ARAC in Q1 2023/24.
- **Digital risk data.** LeO's risk registers were thoroughly reviewed in 2022/23, and have now moved to SharePoint. This has provided more robust reporting and monitoring of risk and the controls assigned to these. This data source is now linked to Power BI, and there is now a direct link between performance and risks.
- **Risk tolerance.** LeO's risk maturity has evolved. Monthly performance data is aligned to risk, by setting risk appetites and risk tolerances to performance metrics. This has improved the reporting of performance and risk to key stakeholders, allowing LeO to provide a clear rationale on performance metrics and the controls in place to support them.
- **Assurance mapping.** LeO has developed a bespoke assurance map to provide coverage on all business unit areas. This draws out risk alongside other areas such as policies, audit actions and issues to give a holistic view of organisational health, indicated by a RAG (red, amber, green) status. This provides a detailed level of assurance to ARAC and is reviewed on an annual basis. Many areas improved over 2022/23 with the implementation of internal governance process and policies.

Risk management process



Based on HM Treasury's Orange Book

Following its audit of the OLC’s risk management, the Government Internal Audit Service (GIAA) concluded that: “Since the GIAA review of risk management in November 2020, which provided a limited assurance opinion, management have taken steps to implement a risk culture that applies effective risk management at every level of the organisation in line with the OB [Orange Book]. The OLC have transformed from an organisation that previously completed risk registers periodically to one that factors risk, risk tolerances and risk appetites into key decision-making processes.”

GIAA described the OLC’s updated assurance map as exemplary in presenting the overarching health of the organisation.

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

Internal audit: GIAA annual report and opinion

The GIAA annual internal audit opinion and report for 2022/23 gave the OLC an overall rating of moderate, with the following individual audit ratings.

Audit	Audit rating
Budget and Business Plan	Substantial
Information assurance and GDPR	Limited
Risk management audit	Moderate
Service complaints	Moderate
Performance management framework	Moderate

Across the five reports, GIAA made 31 recommendations in total (2021/22: 26). There were no high-priority recommendations and five out of seven medium-priority recommendations related to information assurance.

In conclusion, GIAA reported: “During 2022/23, the Office for Legal Complaints (OLC) has continued to establish effective governance arrangements and the business has made good progress in reviewing and refining its assurance framework which is a critical aspect of a system of internal control.”

It noted: “OLC’s strategic level governance arrangements are well established, clearly defined and provide the basis for appropriate organisational direction and control. These arrangements will provide drive and focus as OLC seeks to deliver on its critical 2023/24 strategic objectives.”

Under its key observations, GIAA also highlighted: “In 2020/21, a limited annual assurance opinion was provided to the OLC, reflecting the identified weaknesses in the areas of risk management and corporate governance, where limited opinions were provided. We are satisfied that the recommendations proposed have been tracked

accordingly and risks remediated. This year's programme gave further scope to provide quality improvement recommendations as opposed to addressing fundamental control weaknesses and this is reflected in there being no high priority recommendations in 2022/23 in comparison to prior years."

Data incidents

The Legal Ombudsman handles well over 100,000 contacts each year, from early support with the complaint process through to full investigations of complex complaints. To carry out this role effectively, it needs to ask for and use a wide range of personal and sometimes sensitive information. During 2022/23 there were 94 data-related incidents (2021/22: 63), none of which met the threshold for formal reporting to the Information Commissioner's Office (ICO) (2021/22: 0).

During 2022/23 all bar one member of staff completed data protection training. The single case of non-compliance was due to systems issues which are currently being resolved by Civil Service Learning.

During 2022/23 LeO has continued to implement appropriate security measures to minimise cyber security risks, as well as other information risks. Measures implemented include running simulated phishing attacks, providing cyber security awareness training, using autonomous detection and response systems, and updating our endpoint detection tools.

Conclusion

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



Paul McFadden

Chief Ombudsman and Accounting Officer

19 June 2023

Remuneration and staff report (audited)

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

Appointment and terms of OLC Board members

Elisabeth Bellamy and Annette Lovell left the Board on 28 February 2023, having both served two terms since 1 March 2018.

Rachel Cerfontyne was appointed on 1 March 2023 until 30 April 2027.

Patricia Tueje was appointed on 1 March 2023 until 30 April 2026.

The prior year comparison includes Rod Bulmer, who left the board on 31 July 2021, and three Board members who joined on 1 August 2021: Alison Sansome, Dale Simon and Martin Spencer.

Board remuneration

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

Member	Annual rate £'000	Year to March 2023 £'000	Year to March 2022 £'000
Elisabeth Davies (Chair)	50–55	50–55	50–55
Elisabeth Bellamy	10–15	5–10	10–15
Rod Bulmer	10–15	0	0–5
Annette Lovell	10–15	5–10	10–15
Jane Martin	10–15	10–15	10–15
Harindra Punchihewa	10–15	10–15	10–15
Dale Simon	10–15	10–15	5–10
Alison Sansome	10–15	10–15	5–10
Martin Spencer	10–15	10–15	5–10

Rachel Cerfontyne	10–15	0–5	0
Patricia Tueje	10–15	0–5	0

No board member received a pension or bonus payment. The table does not include information on expenses paid to Board members. In addition to the remuneration above, £2,687 was accrued for PAYE settlement agreement on travel, and £7,181 of expenses was paid to Board members in 2022/23 (including accrued amounts) (2021/22: £6,211).

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

Executive remuneration

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

*S Strinati left LeO on 13 July 2022. Comparative figures for 2021/22 are in the table below.

Year to 31 March 2022	Role	2021/22			Annual equivalent		
		Salary £'000	Pension benefits to nearest £'000	Total £'000	Salary £'000	Pension benefits to nearest £'000	Total £'000
P McFadden	Chief Ombudsman	110– 115	7	115– 120	110– 115	7	115– 120
S Strinati	Chief Operating Officer	100– 105	6	105– 110	100– 105	6	105– 110

Staff numbers and related costs

	2022/23			2021/22		
	Permanent staff	Other staff	Total	Permanent staff	Other staff	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Wages and salaries	9,652	428	10,080	8,622	461	9,083
Social security costs	994	-	994	847	-	847
Other pension costs	775	-	775	681	-	681
	11,421	428	11,849	10,150	461	10,611
Exit packages	-	-	-	19	-	19
Total net costs	11,421	428	11,849	10,169	461	10,630

The annualised salary band of the highest-paid individual in the OLC in 2022/23 was £120,000 to £125,000, mid-point £122,500 (2021/22: £110,000 to £115,000, mid-point £112,500 restated*).

The mid-point of the highest-paid individual's banded salary was 3.66 times the median salary of the workforce in March 2023, which was £33,490 (2021/22: 3.43 times, £32,833 restated*).

Including awards paid to staff, the mid-point of the highest-paid individual's banded remuneration was 3.62 times the median remuneration of the workforce in March 2023, which was £33,815 (2021/22: 3.43 times £32,833 restated*).

The movement reflects an increase in the median remuneration resulting from more established staff, with more staff on the higher of the two increments of the median grade. The pay of the highest-paid individual in the OLC also increased to the higher increment of their grade.

The mid-point of the highest-paid individual's banded salary was 3.98 times the 25th percentile employee's salary (£30,809) (2021/22: 3.72 times, £30,205 restated*). Including awards paid to staff, the mid-point of the highest-paid individual's banded remuneration was 3.98 times the 25th percentile employee's remuneration (2021/22: 3.72 times, £30,205 restated*).

The mid-point of the highest-paid individual’s banded salary was 3.18 times the 75th percentile employee’s salary (£38,557) (2021/22: 2.98 times, £37,801 restated*). Including awards paid to staff, the mid-point of the highest-paid individual’s banded remuneration was 3.11 times the 75th percentile employee’s remuneration (£39,332) (2021/22: 2.98 times, £37,801 restated*).

	2022/23		2021/22	
	Total salary and allowances	Bonus payments	Total salary and allowances	Bonus payments
Staff average	3%	17%	-2%	40%
Highest-paid director	9%	-	2%	-

The highest paid director’s salary in 2022/23 has increased by 9% due to the full year effect of a prior year grade increase (applied from 1 January 2022), as well as a 2% pay award which applied to all staff.

The increase in awards reflects improved levels of performance across LeO and a more structured approach to managing the scheme. This remains within budget levels.

In 2022/23 no employees received remuneration in excess of the highest-paid director (2021/22: none). Remuneration ranged from £21,860 to £120-125k (2021/22: £21,431 to £110k-115k restated*) These figures exclude piece-rate workers.

Total remuneration includes salary but not employer pension contributions and the cash equivalent transfer value of pensions. All employees are eligible for interest-free season ticket loans, which are repayable over 10 months or on leaving employment. This has remained the same from 2021/22.

*The prior year mid-point of the highest-paid individual’s banded salary as a ratio to the median, 25th and 75th percentile of employees’ salary has been restated on a full time equivalent basis, as required by the FReM, as this was previously presented on an actual salary basis. In addition, the prior year mid-point of the highest-paid individual’s banded total remuneration as a ratio to the median, 25th and 75th percentile of employees’ remuneration has been restated, as required by the FReM, as this was not previously presented.

Average number of persons employed

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

	2022/23			2021/22		
	Total	Permanent staff	Other staff	Total	Permanent staff	Other staff
Directly employed	275	271	4	250	246	4
Not directly employed	2	0	2	4	0	4
Total	277	271	6	254	246	8

Number of Senior Civil Service staff (equivalent)

	2022/23			2021/22		
	Total	Permanent staff	Other staff	Total	Permanent staff	Other staff
Directly employed	1	1	0	2	2	0
Not directly employed	0	0	0	0	0	0
Total	1	1	0	2	2	0

At 31 March 2023, there was one Senior Civil Service equivalent on the Executive Team.

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

Gender balance and pay (unaudited)

As at 31 March 2023, 67% of colleagues employed were women (2021/22: 67%), which amounts to 189 female staff and 92 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 12% in favour of men (2021/22: 9%). This is driven by higher-paid roles (team leaders, corporate managers, operations managers, Executive) having a 56% female bias (2021/22: 51%) rather than the 67% bias in the overall workforce (2021/22: 67%).

Staff policies applied during the year (unaudited)

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

As outlined earlier in this report, in 2022/23 LeO continued to implement stronger, supportive HR policies. During the year, team leaders received training on reasonable adjustments. This will help to ensure they effectively identify and respond to the needs of staff with disabilities or long-term conditions and provide the support these team members need to feel and perform at their best. LeO’s ongoing focus on transforming HR and embedding EDI across all areas of its work (see page 55) will support further improvements in the coming year.

Reporting of Civil Service and other compensation – exit packages

	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band
<£10,000	0	0	0
£10,000–£25,000	0	0	0
£25,001–£50,000	0	0	0
Total number of exit packages	0	0	0
Total cost 2022/23 £	0	0	0
Total cost 2021/22 £	1	0	18,699

Staff sickness (unaudited)

As highlighted in “People and organisation”, LeO has continued to invest in activities to promote employees’ wellbeing, as well as raising managers’ capacity to effectively support their people on issues of wellbeing and absence. The new PDR process allows LeO to identify and formally capture support that needs to be provided, including reasonable adjustments.

Sickness absence levels fell across the year. March 2023’s figure of 11.6 days per employee was the lowest figure over the rolling 12-month period. The current target within LeO’s risk appetite measures is 11 days’ sickness absence. The current sickness absence figure is within the “green” category for tolerance.

	2022/23	2021/22
Average days per employee lost to sickness	12.4 (FTE) (11.6 per head)	16.0 (FTE) (14.9 per head)
Total working days lost due to sickness absence	5.0%	6.1%

Pensions

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

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

The pension scheme provided by the Legal Ombudsman to its employees in 2022/23 remained the same as in 2021/22.

Consultancy (unaudited)

There was no consultancy expenditure in 2022/23 (2021/22: none).

Off-payroll engagements (unaudited)

One individual – the Service Complaints Adjudicator – is considered an off-payroll engagement due to the independence requirement of the role. This was following a competitive tender, and the appointment has been in place for 2 years (from April 2021). The Service Complaints Adjudicator is contracted on the basis of work

delivered and is not paid a salary. The OLC undertook no other off-payroll engagements in 2022/23.

Staff turnover (unaudited)

This KPI measures the total number of people who voluntarily decide to leave each year.

As with many other organisations, turnover and attrition remain a challenge. Reducing them will remain a key focus of the 2023/24 People Strategy. A number of factors are likely to affect LeO’s turnover and attrition, including a buoyant, highly competitive jobs market and increased flexibility for employees in relation to homeworking and job location. However, progress was made during 2022/23, and the Legal Ombudsman can continue its journey towards becoming an employer of choice through delivery of some key people initiatives. Improved employee satisfaction recorded in our 2022 People Survey reflects this progress.

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

	Actual 2022/23	Target 2022/23	Actual 2021/22
Turnover	20.8%	<21%	22.4%
Attrition	18.7%	<19%	24.4%

Parliamentary accountability and audit report (audited)

Regularity of expenditure

Losses and special payments

No special payments were made during 2022/23 (2021/22: £15,000).

Gifts

No gifts made by the organisation in 2021/23 (2021/22: none) that exceeded limits proscribed in *Managing Public Money* (HM Treasury).

Remote contingent liabilities

There are no remote contingent liabilities to report in 2022/23 (2021/22: none).

Financial instruments

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

Long-term expenditure trends (unaudited)

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

Fees and charges

Analysis of fees and charges is disclosed on page 113.

Government Functional Standards

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

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

Opinion on financial statements

I certify that I have audited the financial statements of the Office for Legal Complaints for the year ended 31 March 2023 under the Legal Services Act 2007.

The financial statements comprise the Office for Legal Complaints'

- Statement of Financial Position as at 31 March 2023;
- Statement of Comprehensive Net Expenditure, Statement of Cash Flows and Statement of Changes in Taxpayers' Equity for the year then ended; and
- the related notes including the significant accounting policies.

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

In my opinion, the financial statements:

- give a true and fair view of the state of the Office for Legal Complaints' affairs as at 31 March 2023 and its net expenditure after interest and taxation for the year then ended; and
- have been properly prepared in accordance with the Legal Services Act 2007 and Lord Chancellor directions issued thereunder.

Opinion on regularity

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

Basis for opinions

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

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

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

Conclusions relating to going concern

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

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

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

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

Other Information

The other information comprises the information included in the Annual Report and its appendices, but does not include the financial statements nor my auditor's certificate. The Accounting Officer is responsible for the other information.

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

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

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

I have nothing to report in this regard.

Opinion on other matters

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

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

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

Matters on which I report by exception

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

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

- Adequate accounting records have not been kept by the Office for Legal Complaints or returns adequate for my audit have not been received from branches not visited by my staff; or

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

Responsibilities of the Accounting Officer for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

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

- considered the nature of the sector, control environment and operational performance including the design of the Office for Legal Complaints' accounting policies.
- inquired of management, the Office for Legal Complaints' head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to the Office for Legal Complaints' policies and procedures on:
 - identifying, evaluating and complying with laws and regulations;
 - detecting and responding to the risks of fraud; and
 - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the Office for Legal Complaints' controls relating to the Office for Legal Complaints' compliance with the Legal Services Act 2007 and Managing Public Money;
- inquired of management, the Office for Legal Complaints' head of internal audit and those charged with governance whether:
 - they were aware of any instances of non-compliance with laws and regulations;
 - they had knowledge of any actual, suspected, or alleged fraud;
- discussed with the engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

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

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

Audit response to identified risk

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

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

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

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

Other auditor's responsibilities

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

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

Report

I have no observations to make on these financial statements.

Gareth Davies
Comptroller and Auditor General

19 June 2023

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



Financial Statements

This section contains the OLC's Financial Statements for the year ending 31 March 2023. The notes from page 106 to 120 are part of the statements.

Statement of comprehensive net expenditure

For the year ending 31 March 2023

	Note	2022-23		2021-22	
		£'000	£'000	£'000	£'000
Income					
Income from operating activities	3		(15,316)		(13,757)
Total Income			<u>(15,316)</u>		<u>(13,757)</u>
Staff costs	2	11,849		10,630	
Depreciation, amortisation and impairment	4, 5, 6	636		559	
Provision expense	11	27		-	
Other operating expenditure	2	2,995		2,573	
Total operating expenditure	2		<u>15,507</u>		<u>13,762</u>
Net operating expenditure			<u>191</u>		<u>5</u>
Interest & Charges received			(236)		(5)
Taxation			45		-
Net expenditure after interest and taxation			<u>-</u>		<u>-</u>

All expenditure is derived from continuing activities.

There has been no other comprehensive expenditure in the year.

The notes from page 106 to 120 are part of these financial statements.

Statement of financial position

As at 31 March 2023

		31 March 2023		31 March 2022
		£'000	£'000	£'000
	Note			
Non-current assets				
Property, plant and equipment	4	428		478
Right-of-use asset	5	328		526
Intangible assets	6	71		175
Total non-current assets			827	1,179
Current assets				
Trade and other receivables	8	355		263
Cash and cash equivalents	9	18,758		18,616
Total current assets			19,113	18,879
Total assets			19,940	20,058
Current liabilities				
Trade and other payables	10	(350)		(248)
Provisions	11	(107)		(77)
Other liabilities	10	(1,140)		(1,058)
Lease liability	12	(293)		(304)
Total current liabilities			(1,890)	(1,687)
Total assets less current liabilities			18,050	18,371
Non-current liabilities				
Provisions	11	(261)		(264)
Lease liability	12	(52)		(370)
Total non-current liabilities			(313)	(634)
Total assets less liabilities			17,737	17,737

The notes from page 106 to 120 are part of these financial statements.

Statement of financial position (continued)

Taxpayers' Equity and other reserves		
General Fund	17,737	17,737
Revaluation Reserve	-	-
Total Taxpayers' Equity and other reserves	17,737	17,737



Paul McFadden

Chief Ombudsman and Accounting Officer

19 June 2023

The notes from page 106 to 120 are part of these financial statements.

Statement of cash flows

For the year ending 31 March 2023

	Note	2022-23		2021-22	
		£'000	£'000	£'000	£'000
Cash flows from operating activities					
Net expenditure pre interest and tax		(191)		(5)	
Adjustments for non-cash transactions	2	641		565	
(Increase) / Decrease in trade and other receivables	8	(165)		11	
Increase / (Decrease) in trade and other payables	10	139		(79)	
Noncash reclassification of lease commitment liability to ROU Asset	5			230	
Movement in provisions	11	27		40	
Interest received		236		5	
Net cash inflows from operating activities			687		767
Cash flows from investing activities					
Purchase of property, plant and equipment	4	(210)		(132)	
Purchase of intangible assets	5	(40)		(15)	
Net cash outflows from investing activities			(250)		(147)
Cash flows from financing activities					
Payments in respect of leases (IFRS16)		(295)		(305)	

The notes from page 106 to 120 are part of these financial statements.

Statement of cash flows (continued)

Net cash outflows from financing activities		(295)	(305)
Net increase in cash and cash equivalents in the year		142	315
Cash and cash equivalents at the beginning of the year	9	18,616	18,301
Cash and cash equivalents at the end of the year	9	18,758	18,616

The notes from page 106 to 120 are part of these financial statements.

Statement of changes in taxpayers' equity

For the year ending 31 March 2023

	Total Reserves
	£'000
	Note
Balance at 31 March 2022	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
Grants from sponsoring department	-
Net expenditure for the year after interest and taxation	-
Notional transfer to Consolidated Funds	15,316
Notional receipts from Sponsor	(15,316)
Balance at 31 March 2023	17,737

The notes from page 106 to 120 are part of these financial statements.

Notes to the Office for Legal Complaints' accounts

1 Statement of accounting policies

These financial statements have been prepared in accordance with the Government Financial Reporting Manual (FReM) issued by HM Treasury. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy has been selected which is judged to be most appropriate to the circumstances of the OLC, for the purpose of giving a true and fair view. The policies adopted by the OLC are described below. They have been applied consistently in dealing with items that are considered material to the accounts. There were no critical accounting judgements made in the current year.

1.1 Accounting convention

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

1.2 Going concern

The OLC is a statutory body established by the Legal Services Act 2007. Under the Legal Services Act 2007, the OLC is funded by a levy upon the legal profession. Levy funding is provided by the Approved Regulators annually in arrears. As at the date of signing (19 June 2023), the OLC has enough cash resources to meet anticipated expenditure and other net liabilities for the next 12 months.

1.3 Income

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

The Legal Services Act 2007 requires the Office for Legal Complaints to set charges (case fees) for all complaints we accept as being within the jurisdiction of the Legal Ombudsman scheme. However, a case fee may be waived in certain circumstances. These are where the complaint was abandoned or withdrawn; or settled, resolved or determined in favour of the authorised person; and an ombudsman is satisfied that the lawyer took all reasonable steps to try to resolve the complaint under their own procedure. Case fee income is recognised in the year that the case is resolved. Amounts charged in respect of case fees correspondingly reduce amounts due in

respect of the levy due from Approved Regulators. In accordance with IFRS 15 no case fees are recognised where there are no chances of recovery.

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

To comply with the requirements of s175 for the year ended 31 March 2023 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 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.

1.5 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.

1.6 Impairment and revaluation policy on non-current assets

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

1.7 Leases

Scope and exclusions – OLC as Lessee

In accordance with IFRS 16 Leases, contracts, or parts of contracts, that convey the right to control the use of an asset for a period of time are accounted for as leases. Prior to the adoption of IFRS 16, operating lease payments were recognised as an expense and charged on a straight-line basis over the lease term.

Contracts for services are evaluated to determine whether they convey the right to control the use of an identified asset, incorporating both the right to obtain

substantially all the economic benefits from the asset and to direct its use. If so, the relevant part of the contract is treated as a lease.

Initial recognition

At the commencement of a lease (or on the date of transition to IFRS 16, if later), the OLC recognises a right-of-use asset and a lease liability. The lease liability is measured at the value of the remaining lease payments discounted either by the interest rate implicit in the lease, or where this is not readily determinable, the department's incremental rate of borrowing. This rate is advised annually by HM Treasury.

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

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

Subsequent measurement

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

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

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

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

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

1.8 Value Added Tax

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

1.9 Pensions

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

1.10 Corporation tax

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

1.11 Provisions

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

1.12 Financial instruments

The OLC does not hold any complex financial instruments. The only financial instruments included in the Accounts are receivables and payables (notes 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 page 85.

	Note	2022-23		2021-22	
		£'000	£'000	£'000	£'000
Expenditure					
<u>Staff costs</u>					
Wages and salaries		10,080		9,083	
Social security costs		994		847	
Other pension costs		775		681	
Exit packages		-		19	
Total Staff costs			11,849		10,630
IT & Telecoms			1,404		1,284
Uncollectible debts			56		67
Facilities services			234		219
External communications			121		136
Staff wellbeing			91		84
Legal and professional fees			153		148
VAT on lease payments			57		33
Recruitment costs			341		160
Premises costs			307		257
Other running costs			51		40
Training			70		46
External audit fees			42		40
Internal audit fees			54		52
Travel and subsistence			9		1
Total cash operating expenditure			2,990		2,567
Total cash items			14,839		13,197

Expenditure (continued)

Loss / Profit on disposal of assets	-	-
Depreciation	260	207
Depreciation - IFRS16 lease	233	218
Amortisation	143	134
Depreciation, amortisation and impairment	636	559
Change in dilapidations provision	(3)	-
Change in other provision	30	-
Corporation Tax	45	
Interest Charge - IFRS16 lease	5	6
Total non cash items	<u>713</u>	<u>565</u>
Total	<u>15,552</u>	<u>13,762</u>

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 2022-23 (see note 1.3).

	2022-23	2021-22
	£'000	£'000
Income		
Levy income in respect of the Legal Ombudsman scheme	14,308	12,637
Case fee income	820	935
Other income	188	185
Total	15,316	13,757

4 Property, plant and equipment

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

5 Right of use asset

Cost or valuation

At 1 April 2022	744
Movement	50
At 31 March 2023	<u>794</u>

Depreciation

At 1 April 2022	218
Charged in year	248
At 31 March 2023	<u>466</u>

Carrying value

At 31 March 2022	526
At 31 March 2023	<u>328</u>

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

The maturity analysis for the lease can be found in Note 12: Lease Liability.

6 Intangible assets

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

7 Impairments

There were no Impairments in 2022-23 (2021-22: none).

8 Trade receivables and other current assets

	<u>31 March 2023</u> £'000	<u>31 March 2022</u> £'000
Case fee receivables	156	36
Provision for case fee receivables	(37)	(20)
	<u>119</u>	<u>16</u>
Other contract receivables	3	-
Other receivables		
Intra group balances - MoJ	-	-
Prepayments	189	136
Accrued Income	44	111
Total	<u><u>355</u></u>	<u><u>263</u></u>

9 Cash and cash equivalents

	<u>31 March 2023</u> £'000	<u>31 March 2022</u>
Opening balance	18,616	18,301
Net change in cash and cash equivalent balances	142	315
Closing balance	<u><u>18,758</u></u>	<u><u>18,616</u></u>
The following balances were held:		
Government Banking Services	18,758	18,616
Commercial bank accounts	-	
Total	<u><u>18,758</u></u>	<u><u>18,616</u></u>

10 Trade payables and other current liabilities

	<u>31 March 2023</u>	<u>31 March 2022</u>
	£'000	£'000
Trade payables	246	108
Other payables	104	140
Trade and other payables	<u>350</u>	<u>248</u>
<u>Intra-government balances</u>		
Taxation	109	110
Social security	136	139
VAT	-	10
Intra group balances - MoJ	46	45
Accruals	849	754
	<u>1,140</u>	<u>1,058</u>
Total	<u>1,490</u>	<u>1,306</u>

11 Provisions for liabilities and charges

	Leasehold dilapidations	Other	Total provisions
	£'000	£'000	£'000
Balance at 1 April 2021	264	37	301
Provided in the year		40	40
Provisions not required written back			-
Provisions utilised in the year			
Correction between Classification			
Balance at 31 March 2022	264	77	341
correction between classification			-
Provided in the year		30	30
Provisions not required written back	(3)		(3)
Provisions utilised in the year			-
Unwinding of discount			-
Balance at 31 March 2023	261	107	368
Expected timing of cash flows			
Not later than one year		107	107
Later than one year and not later than five years	261		261
Later than five years			-
Balance at 31 March 2023	261	107	368

Other provisions include judicial reviews and employment tribunals.

12 Capital commitments

Contracted capital commitments at 31 March 2023 not otherwise included in these financial statements amounted to nil (31 March 2022: nil).

13 Commitments under leases

Lease Liabilities	<u>2022-23</u>	<u>2021-22</u>
Current	293	304
Non Current	52	370
Lease Liabilities recognised under IFRS16 as at 31 March	<u>345</u>	<u>674</u>
Maturity Analysis		
2022-23	0	304
2023-24	293	302
2024-25	52	68
	<u>345</u>	<u>674</u>

14 Contingent liabilities disclosed under IAS 37

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

15 Related-party transactions

The OLC has a direct relationship with the LSB. The LSB has certain oversight responsibilities in relation to the OLC and its responsibilities to administer the scheme. Under the Legal Services Act 2007 the LSB is responsible for appointing and paying the salaries and expenses of the OLC Board members, which for the whole reporting period amounted to £141k (2021-22: £123k). The payment for salaries of the OLC Board members for 2022-23 was £125k (2021-22: £117k).

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

The OLC charges the MOJ for the use of part of our office space and charged £188,000 in 2022-23 for rent and service charges (£185,000 in 2021-22). There is an intra-group balance with MoJ of £46,000 (£45,000 in 2021-22) representing the cost of self-insurance to the Legal Ombudsman scheme. This is presented in note 10.

16 Events after the reporting period

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

There were no post-reporting period events.

Appendices

Appendix 1: Regulatory objectives

Section 1(1) of the Legal Services Act 2007 outlines eight regulatory objectives. The Office for Legal Complaints contributed to these in 2022/23 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 LeO's 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 that highlight specific issues and risks affecting consumers.
e	Promoting competition in the provision of services (provided by authorised persons)	<p>Publishing open data regarding the number and types of complaints resolved by LeO each year.</p> <p>Publishing details of all ombudsman decisions including number of decisions made against service providers, and remedy types.</p>

f	Encouraging an independent, strong, diverse, and effective legal profession	<p>Promoting continuous professional development through training in effective complaint handling.</p> <p>Publishing articles, reports and case studies to pass on lessons learned from complaints.</p> <p>Regularly attending and speaking at relevant stakeholder events.</p>
g	Increasing public understanding of the citizen's legal rights and duties	<p>Providing information and signposting through responding to enquiries and social media messages.</p> <p>Continuing to review and discuss the transparency of decision data with a view to increasing the availability of quality information for consumers.</p>
h	Promoting and maintaining adherence to the professional principles	Making referrals to the relevant regulatory bodies where there may be evidence of professional misconduct.

Appendix 2: Service Complaints Adjudicator's Annual Report 2022/23

Introduction

1. This report sets out a summary of the service complaints I have dealt with in 2022/23; the nature of the complaints, outcomes, and recommendations I have made, along with the LeO's responses.
2. This year has seen a further slight reduction in the number of complaints escalated to stage 3, both in absolute terms, and in the proportion of stage 2 complaints that remain unresolved. Annex 1 provides the detail.
3. 11 cases have been referred to me, and I provide brief summary of the issues and my recommendations, alongside action taken by the LeO, in Annex 2*. 10 complaints were brought by (or on behalf of) users of legal services, and one by a service provider.
4. In the cases escalated to me, I have considered 96 separate complaints, of which I have upheld or partially upheld 22. A breakdown is provided in Annex 2.

Complaint Themes and Areas for Service Improvement

5. Of the matters referred to me, the key focus in 6 cases was disagreement with the decision in the lawyer complaint. Indeed, all these complainants had sought to have their lawyer investigation re-opened. Some were escalated to me as, despite clear information to the contrary, they hoped that I would be able to arrange that. Service complaints were subsidiary, and the complainants had not been happy with the outcome of their service complaint, as the crux of their concern had not been dealt with, because that went to decision making of interpretation of evidence in the lawyer complaint.
6. On review of the files, these complainants were initially told that the Service Complaints (SC) Team could not assist, as their concern was not a service complaint, or they were told that the SC Team could only look into, effectively peripheral issues, such as delays, but not the complainant's key area of concern. On occasion, complainants re-worded their complaints in language consistent with the service complaint factsheet, to get the SC Team to agree to investigate. Sometimes, in an attempt to be helpful, the SC team re-worded complaints, to make them fall within scope. Ultimately, these complainants were dissatisfied with the outcome of their service complaint. In one case escalated to me, new complaints were made, that the SC Team

had changed the complainant's complaints and investigated matters which were not what the complainant wanted investigating. This situation had arisen as their original complaint was outside the SC of remit.

7. Whilst it is easy to see why these matters progressed as they did, as the SC Team do their best to assist complainants, I would urge the Team to be less afraid of saying 'no'. I recognise that it may be that these cases were cases that slipped through, as I do not know how many service complaints are triaged to be out of remit from the outset. However, the fact that approximately half of the cases escalated arguably should not have progressed through the service complaint process, as the customers' concerns could not be addressed, would suggest a review of the threshold for acceptance is indicated.
8. There will inevitably be some customers whose expectations of what the LeO can achieve through its investigations into legal service providers, need careful management. This is a separate issue, and the LeO has been receptive to a recommendation I have made in this respect (see annex 2).
9. As previously, review of compensation was a common reason for escalation. Complainants did not believe that the compensation offered reflected the impact of the poor service. However, in all but 2 cases, I disagreed, and found that complainants were factoring in matters that resulted from the lawyers' service. In one further complaint, I identified delays in the service complaint process, and recommended compensation, when no compensation had previously been offered.
10. Delays have again been a common theme, due to resourcing issues, both in lawyer investigations, and the SC Team. This year I have seen greater delays in the SC process. However, I am informed that 2 new Customer Experience Specialists have been recruited, one to replace a staff member who left, and one additional new member of staff. In addition, to deal with delays in stage 2 decisions, which all fell to a single member of the team, Mrs Handley, extra resource has been drafted in. The Legal Manager and L2 Ombudsmen will take on some of the stage 2 reviews going forward. I therefore anticipate that delays in the service complaint process will significantly reduce going forward.
11. On a separate positive note, I have not seen issues with communication being key themes in service complaints escalated to me in the last year.
12. It is commendable that the SC Team actively identifies areas for learning and service improvement through the complaints process. I have on occasion added to these through recommendations, which the LeO has been receptive

to. A reflection of the LeO's commitment to learning from complaints is that all my recommendations have either been implemented, or will form part of wider reviews of service improvement in the coming year.

13. I am conscious that in my report last year, I stated that a full review of the service complaint process and remit was planned. I am aware that a number of my recommendations from last year and this year have already been implemented, including some changes to standard wording in letter templates and to the website, however others will form part of this wider review. The review has been delayed, I understand due in large part to the previously very limited resource within the SC Team. Now that this resourcing has been addressed, the review is due to take place in the first half of 2023-24.

Overall Impression

14. I have been impressed by the open and transparent approach taken by the SC Team, and the fact that the service complaints process is used as a vehicle to drive service improvement. I have found the standard of investigation, both in identifying and clarifying service complaints, and the depth of the investigations, to be high. Evidence of good service by the SC Team is that only a small proportion (11 of 91 complaints) have been escalated to me. As I set out above, there is scope to further reduce this.
15. An observation I made last year, that I encouraged the LeO to reflect on, is the number of stages in the service complaint process. The fact that there are three, or on occasion four stages (where initial concerns have been responded to by a Team Leader at 'stage 0') means that complainants who escalate their complaints to me are often weary and find the process to have been long and drawn out. I can empathise with this. I understand that the LeO plans to give consideration to reducing the number of stages as part of the forthcoming review.

Susan Bradford

Service Complaints Adjudicator

April 2023

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

Annex 1

Service complaint data - stages

Year	Number of complaints Stage 1	Number of complaints Stage 2	Percentage Stage 1 to 2	Number of complaints Stage 3	Percentage Stage 2 to 3
2018/19	183	45	24.5%	28	62%
2019/20	164	51	31%	36	70.5%
2020/21	91	39	43%	23	59%
2021/22	99	28	28%	12	43%
2022/23	91	30	33%	11	37%

1. In the last two years there has been a notable reduction in the proportion of complaints escalated to stage 3. This is in my view a reflection of the very good standard of complaint responses at earlier stages, which provide answers to customers, and assurances that matters they raise are addressed and lessons learnt. Indeed, the figures show that around 70% of complaints are resolved at stage 1. Whilst stage 2 serves a purpose, as, in the last 2 years, around 60% of outstanding complaints are resolved at that stage, the remainder are generally customers who were always going to escalate matters as far as possible, unless responses went entirely in their favour.
2. In the majority of cases I have not recommended a different outcome to that suggested at earlier stages. I have on occasion made recommendations with a view to reducing the likelihood of similar complaints in the future. However, there is often little for me to add at stage 3, again, a reflection of the clear responses and acknowledgements where service did fall short, made at earlier stages.
3. Looking forward, as something of a backlog of service complaints has built up due to resourcing issues over the last year, which will now be addressed with the additional recruitment to the Team, it is likely that the next year will see an increase in both the overall number of service complaints, and consequently the proportion escalated to stage 3.



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