

Minutes of the 133rd Meeting of the Office for Legal Complaints (OLC)

Thursday 13 June 2024

<p>Present</p> <p>Elisabeth Davies, Chair</p> <p>Georgina Philippou</p> <p>Rachel Cerfontyne</p> <p>Hari Punchihewa</p> <p>Patricia Tueje</p> <p>Dale Simon</p> <p>Alison Sansome</p>	<p>In Attendance</p> <p>Paul McFadden, Chief Ombudsman</p> <p>Steve Pearson, Deputy Chief Ombudsman and Head of Complex Cases</p> <p>Blessing Simango, Head of Finance, Procurement and IT</p> <p>Laura Stroppolo, Head of Head of Programme Management and Assurance</p> <p>David Peckham, Head of Operations, Business Transformation and Intelligence</p> <p>Stephanie Godbold, Head of Communication, Engagement and Impact</p>
<p>Apologies :</p> <p>Martin Spencer, OLC</p> <p>Debra Wright, Head of People Strategy and Services</p>	
<p>Minutes</p> <p>Kay Kershaw, Board Governance Manager</p>	

Item 1 – Welcome, Apologies and Declarations of Interest

1. The Chair welcomed attendees to the meeting, recognising that this was Georgina Philippou’s first meeting as an OLC Board member.
2. Apologies were noted.
3. The meeting was quorate with a lay majority.
4. Elisabeth Davies, as OLC Chair and as National Chair of the Independent Monitoring Board, reported that Susan Bradford, LeO’s Independent Service Complaint Adjudicator appointed by the OLC, had been appointed as an Expert Independent Investigator to work on a case for the Independent Monitoring Board.
5. There were no declarations of interest reported.
6. With the General Election scheduled for 4 July 2024, the OLC Board was meeting when Parliament was prorogued.

Item 2 – 2023/24 Annual Report and Accounts

7. The Chief Ombudsman and Accounting Officer updated the Board on the 2023/24 financial statements audit, reporting that:
- The audit had progressed smoothly but remained subject to the completion of a limited number of audit actions, including the completion of one adjustment to the financial statements relating to the reclassification of the dilapidations provision for the Legal Ombudsman's Birmingham office lease.
 - Costings for the dilapidations provision had been shared with the auditors for consideration; one estimate was higher than the other and the impact of this on the year-end financial statements would either be a c£33,000 underspend or a c£119,000 overspend position depending on which estimate for the provisions was adopted; either position would be within the 1% tolerance set by the MoJ.
 - Subject to the satisfactory completion of the adjustment to the financial statements and any final audit actions, external auditors anticipated recommending to the Comptroller and Auditor General (C&AG) that the OLC's 2023/24 financial statements should be certified with an unqualified audit opinion, without modification in respect of both regularity and the true and fair view on the financial statements.
 - With Parliament currently prorogued, it was anticipated that Parliamentary business would resume after the Kings Speech and State Opening of the new Parliament on 17 July 2024. Considering this, Annual Report and Accounts timetable had been revised with the aim of laying the Annual Report and Accounts in Parliament on 18 July or before the summer recess.
 - To meet this revised timetable, auditors aimed to conclude all remaining audit actions and procedures within the next week so that the Comptroller and Auditor General (C&AG) could provide a shadow certification and confirm that their audit opinion could be issued subject to any final post balance sheet event checks once Parliament had resumed.
 - The accounts could then be signed by the Chief Ombudsman, as Accounting Officer, and then sent to the C&AG for their actual certification which was expected to take place around 11th to 17th July 2024.
 - There was an element of risk to this timetable relating to post-election pressures in achieving Ministerial sign off; this risk was being closely monitored and contingencies would be put in place for an alternative timeline should laying be required in September.
 - If the Annual Report and Accounts were laid in Parliament in September, post balance sheet reviews would need to be undertaken requiring ARAC's sign off and formal Board approval.
8. The ARAC Chair updated the Board on discussions that had taken place with internal and external auditors and at June's ARAC meeting. The following points were made:
- In line with ARAC's terms of reference, a private meeting had taken place between ARAC members and internal and external auditors ahead of the June ARAC meeting.
 - At this private meeting, and at the subsequent ARAC meeting, external auditors had provided assurance on the accounts, subject to their assessment of the costings and the technical adjustment to made in respect of the treatment for the dilapidations provision, which needed to be capitalised and amortised over the current lease period ending in August 2024 to ensure compliance with IRFS16.

- Auditors had anticipated that this adjustment and their final audit checks would be completed within a week and ARAC would be updated accordingly. The Chief Ombudsman had confirmed that close contact would be maintained with the auditors until the audit had concluded.
 - The Chief Ombudsman had confirmed that he would be content to sign off the accounts as Accounting Officer when it was appropriate to do so, considering that no risks other than those associated with the dilapidation provision had been identified.
 - With the audit still ongoing, ARAC had considered its options for signing off the accounts and recommending them to the Board. To avoid any delay in the Annual Report and Accounts approval process, auditors had advised ARAC to consider signing off the 2023/24 accounts subject to the required changes being made in respect of the dilapidation provision.
 - Based on the assurances provided by external auditors and the Chief Ombudsman, as Accounting Officer, and having considered the options for signing off the accounts, ARAC members **confirmed** that they were content to recommend to the Board that ARAC signed off the 2023/24 accounts, subject to the required technical adjustments in respect of the dilapidation provisions being made and subject to these changes not breaching the 1% tolerance set by the MoJ or any other regulations.
 - ARAC had discussed the implications of any delay in Ministerial sign off of the Annual Report and Accounts noting that this would be outside of the OLC/ LeO's control and acknowledging that post balance sheet reviews may be required in September.
 - ARAC had considered the lessons learned so far from the 2023/24 audit of financial statements and had recommended that LeO engaged with auditors as early as possible ahead of future audits to clarify any technical accounting issues or changes to accounting standards to ensure that any risk to the audit timetable was mitigated.
 - ARAC had formally thanked the auditors and LeO for work that had been done to progress the audit to this stage.
9. In discussion, the Board acknowledged the lessons learned so far from the audit of financial statements.
10. It was noted that at this stage in the process, only necessary changes, such as the amendment of typographical errors and amendments arising from the final stages of the audit would be made to the front-end of the Annual Report. The Board's feedback on further improvements that could be made to the front-end would be welcomed as part of the 2024/25 Annual Report and Accounts process.
11. The Board was advised that no substantive changes had been made to the narrative in the front-end of the Annual Report since it was presented in draft at the April Board meeting. Since then, the only updates reflected the annual internal audit opinion and the year-end performance and metrics, the details of which had been communicated to the Board at appropriate points throughout the process.
12. Following discussion and having considered the assurances provided by the ARAC Chair and Chief Ombudsman as Accounting Officer, the Board **conditionally approved** the 2023/24 Annual Report and Accounts, subject to the required changes being made to the accounts for the dilapidation provision and subject to those changes not breaching the 1% tolerance set by the MoJ.

13. In terms of next steps, the Board was advised that LeO would continue to engage with auditors, MoJ, designers and printers with the aim of laying the Annual Report and Accounts on 18 July or before the summer recess. Contingency arrangements would be put in place if the laying date was delayed until September.
14. The OLC Chair formally thanked the Head of Finance, Procurement and IT, the Finance Team and the Chief Ombudsman for their hard work, flexibility and willingness to prioritise the Annual Report and Accounts and the work of LeO and the OLC.

Item 3 – Budget and Business Planning 2025/26 and lessons learned from the 2024 /25 process

15. The Head of Programme Management and Assurance presented a paper updating the Board on the 2025/26 Budget and Business Planning process. The Board's attention was drawn to the following key points:
 - The ARAC Chair had approved revisions to ARAC's Budget Setting Assurance Criteria for the 2025/26 budget setting process. The revisions reflected the OLC's 2024/27 Strategy and ensured a greater focus on the budget as distinct to the performance trajectories, assumptions forecasts and contingencies that would be considered by Performance Sub-Group (PSG). PSG meetings had been scheduled for July and September 2024 and a forward plan of agenda items had been agreed.
 - In response to an invitation from the LSB, LeO had provided feedback on potential changes to its Budget Acceptance Criteria. The proposed changes reflected the Board's previous comments, aimed to reduce duplication and reflected the OLC's new strategic aims. The proposed changes would be considered by the LSB and its Board and feedback would be provided accordingly.
16. The ARAC Chair reported that the revisions to ARAC's Budget Setting Assurance Criteria, were timely and were a natural evolution reflecting the improvements that had been made by LeO and the scrutiny and assurance that the PSG provided on Budget and Business planning.
17. In terms of next steps, the Board was advised that:
 - A budget and business planning milestone report would be shared with ARAC and the Board out of Committee. This report was currently in draft and being reviewed by the Executive.
 - The Board would be updated on any feedback received in response to the proposed changes to the LSB's Budget Acceptance Criteria.
 - The next Board discussion on the 2025/26 Budget and Business Plan would take place at the September Board meeting.
18. The Board **noted** the update on 2025/26 Budget and Business planning.

Item 4 - Previous Minutes; Matters Arising and Previous Actions

19. The minutes of the OLC Board meeting held on 25 April 2024 were **approved** for accuracy and **approved** for publication.
20. The minutes of the ARAC meeting held on 15 January 2024 were approved for publication.

ACTION: The Board Governance Manager to arrange for the minutes of the Board meeting held on 25 April 2024 and the minutes of the ARAC meeting held on 15 January 2024 to be published.

21. The Board **noted** the update on the actions from previous Board meetings.
22. There were no matters arising from the previous minutes or previous actions for discussion.

Item 5 - Board Paper Redactions and Non-Disclosure Report

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

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

Item 6 – Board Effectiveness

24. Hari Punchihewa and Paul McFadden shared their reflections on the meeting and Board effectiveness. The following points were made:
 - The format of this shorter Board meeting had been effective, with focussed, high quality debate and consideration. There may be value in adopting a similar format for future Board meetings when agendas allowed.
 - The agenda had demonstrated the strategic effectiveness of the interaction between the Board and its committees, highlighting the clarity and separation of responsibilities. ARAC's in depth and robust discussions had ensured that the Board had received the required level of assurance to sign off the Annual Report and Accounts.
 - To effectively monitor the delivery of the new OLC Strategy, it would be important to ensure that the Board's strategic focus was balanced appropriately across each of the OLC's new strategic objectives.
 - Regular reports and updates on the new strategic objective for learning and insight should be provided to the Board, either through existing agenda items or new ones, in addition to the regular reports received by the Board on performance.
 - A delivery plan with milestones for the new strategic objective on learning and insight should be developed; this could be achieved with the support of a sub-group of the Board.
 - Staff should have a clear understanding of the dual importance of the OLC's two new strategic objectives.
 - The best paper strategically had been the Horizon Scan. This paper had been presented for information only, but consideration had already been given to incorporating this paper into future Board agendas as it reported on relevant matters that tied into the strategic objective on learning and insight.
 - Some Board members would find it helpful if Board reports provided a sense of the Executives' gut instinct and how they felt about key matters relating to the delivery of the OLC Strategy that may cause them concern or worry.

- 25.** The Board was advised that staff engagement had taken place on the repositioning of the OLC's strategic objectives before, during and after the 2024/27 OLC Strategy had been finalised. Staff were aware of the dual importance of the OLCs two new strategic objectives and that they were not mutually exclusive. Regular staff updates on the OLC's strategic objectives would be provided as part of LeO internal communications strategy.
- 26.** The Board discussed the challenge of delivering learning and insight and measuring its impact. In order to do this work justice, the Board felt that it would be important to ensure that the right measures, with clearly defined timescales, were in place from the start. It was suggested that measures could include 'inputs', which could be measured on a quarterly basis, and 'outputs' and 'outcomes' which could be measured over the longer term.
- 27.** The Board reflected on the importance of having the right resource and skills in place to deliver learning and insight and noted that this was actively being addressed by LeO as work on learning and insight began to ramp up.
- 28.** It was acknowledged that reporting on less well defined aspects, such as the Executive's gut instinct or how they felt about key matters relating to the delivery of the OLC Strategy that were causing concern was challenging, not least recognising the multiple audiences for each Board paper
- 29.** There was support for shorter, more succinct and focussed Board meetings when agendas allowed.

Item 7– Any other business

- 30.** There was no other business.