

Meeting	OLC Board	Agenda Item No. Paper No.	2 137.1A
Date of meeting	29 January 2025	Time required	60 minutes

Title	2025/26 Business Plan and Budget and Budget Acceptance Criteria
Sponsor	Paul McFadden, Chief Ombudsman; Mike Harris, Head of Communications, Engagement and Impact (interim).
Status	OFFICIAL
To be communicated to:	OLC Board

Executive summary
<p>At the time of the OLC Board’s December meeting, the formal consultation period on LeO’s 2025/26 Business Plan and Budget had just closed. The consultation received 19 responses and a summary of the key points of agreement and challenge has been shared for the Board’s information and attention.</p> <p>Consultation feedback and response</p> <p>Having carefully considered and reflected on stakeholders’ feedback, LeO is proposing to make some changes to its original plans and budget proposals. These include:</p> <p><i>The level of LeO’s case fee</i></p> <ul style="list-style-type: none"> • The OLC consultation set out LeO’s intention to increase the level of its case fee to £800, and plans to evolve its case fee arrangements further. • Whilst there was substantial stakeholder support for an inflationary increase to LeO’s case fee, some respondents considered £800 to be too steep a rise. • In response, LeO will actively pursue an inflationary increase to its case fee (subject to formal consultation and relevant approvals). But it will not pursue options involving a tiered case fee or the ‘polluter pays’ principle at this time. <p><i>Enhancing transparency</i></p> <ul style="list-style-type: none"> • The OLC and LeO have a clear commitment to enhancing the transparency of ombudsman decisions. LeO consulted on the costs of resourcing the publication of fully redacted decisions within 18 months. • After careful assessment, and considering points made by those responding to its consultation, LeO believes that the most realistic pathway to delivering its commitment is to pursue an option involving the summarisation of decisions in their current form – whilst continuing to consider the options for a phased approach to publishing decisions in full. • Its 2025/26 Business Plan and Budget therefore includes the anticipated costs of resourcing LeO to prepare the necessary systems, processes and people to

publish summaries of full ombudsman decisions within 18 months from project initiation.

National Insurance

- On the day that LeO’s business plan and budget consultation was published, the Chancellor announced increases to employer National Insurance contributions.
- These rises increased the expected costs of LeO’s employer NI for 2025/26 by £348k.
- LeO conducted a review to identify efficiencies that could be used to offset this significant increase. The savings identified will absorb £230k (66%) of the £348k NI increase, including from increased vacancy factor and reducing the ask on the transparency budget consulted on for 2024/25.

Both the 2025/26 Business Plan and Budget, and the Budget Acceptance Criteria, have been amended to reflect these changes, together with updates to budget and key assumptions and trajectories for complaint trends and resolutions.

Recommendation/action required

The Board is asked to:

- **Note** the update on the 2025/26 Business Plan and Budget and consultation process and stakeholder feedback.
- **Approve** the 2025/26 Business Plan and Budget, and the Budget Acceptance Criteria, subject to any amendments arising from feedback provided at the meeting
- If necessary, **agree** any delegated authority required for this sign-off.

Equality Diversity and Inclusion

EDI implications

Yes

The OLC’s Business Plan for 2025/26 will have an impact across the Legal Ombudsman’s operations. EDI matters in respect of LeO’s people, its customers, and wider legal service users have been addressed through the Strategy and Business Plan development process, and both are supported by LeO’s work under its EDI strategy. Criteria 6 of the Budget Acceptance Criteria submission sets out more detail about this.

Freedom of Information Act 2000 (Fol)

Paragraph reference

Fol exemption and summary

Attachments: Draft documents attached

Fol Exempt S.22 – information intended for future publication