

LEGAL AID ONTARIO 2023-24 2025-26 BUSINESS PLAN



LEGAL AID ONTARIO
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Legal Aid Ontario receives financial assistance from the Government of Ontario, the Law Foundation of Ontario, and the Government of Canada.

Executive summary

Legal Aid Ontario's (LAO) 2023-24 – 2025-26 Business Plan (the Plan) is submitted pursuant to the Agencies and Appointments Directive (AAD).

LAO has successfully navigated the challenges of the pandemic, providing uninterrupted critical services to vulnerable low-income Ontarians while simultaneously implementing the new *Legal Aid Services Act, 2020* (LASA 2020). LAO's new Rules and Policies, along with other modernization initiatives, have established a framework for a more efficient and client-oriented organization. LAO has emerged from these unprecedented times with renewed energy, optimism, and a sharp focus on leveraging the knowledge gained over the past several years, especially the new and emerging ways to serve more clients with greater efficiency. LAO will work to strengthen court-based services and supports; will do its part to address the backlog of cases in the court system; will make investments in technology to strengthen and modernize its technology infrastructure; and, will work to attract and retain top talent—both staff and external service providers—in the new hybrid work environment. LAO has learned from the past and looks to the future with a solid financial plan grounded in providing excellent service and value for the people of Ontario.

This Plan is based on:

- input and direction of LAO's Board of Directors
- priorities outlined in the agency mandate letter from the Attorney General (Appendix A)
- key corporate instruments including LAO's Strategic Plan, previous business plans, annual reports, and the feedback received from internal and external consultations and surveys
- an environmental scan
- assessment of current operations and anticipated operational needs
- comprehensive risk analysis

Mandate

LASA 2020

The purpose of LASA 2020 is to facilitate the establishment of a flexible and sustainable legal aid system that provides effective and high-quality legal aid services throughout Ontario, in a client-focused and accountable manner while ensuring value for money.

LAO's objects and principles are outlined in s.17 of LASA 2020 as follows:

Objects:

- Establish and administer a flexible and sustainable system for providing legal aid services to individuals in Ontario;
- Establish policies and priorities for the provision of legal aid services based on its financial resources;
- Facilitate co-ordination among the different legal aid services that are provided and the manner in which they are provided, including through different service providers;
- Monitor and supervise the provision of legal aid services in Ontario; and
- Advise the Minister on all aspects of legal aid services in Ontario, including any features of the justice system that affect or may affect the demand for or quality of legal aid services.

Principles:

- Promote access to justice
- Be efficient, effective and high-quality
- Be provided in a client-focused, innovative, transparent and accountable manner
- Be responsive to the needs of low-income individuals and disadvantaged communities in Ontario
- Promote early resolution, where appropriate
- Be co-ordinated with other aspects of the justice system and with community services
- Make continual efforts to maintain and improve the effectiveness and quality of legal aid services while ensuring value for money

Agency mandate letter

LAO's mandate letter from the Attorney General for 2023-24 is attached as [Appendix A](#). In addition to supporting the government's priorities for all board-governed agencies, LAO has been asked to focus on the following three LAO-specific priorities in 2023-24:

- 1. Supporting the Court Recovery Process:** Work collaboratively with the Ministry of the Attorney General (MAG) as it plans and executes strategies to reduce the court backlog.
- 2. IT Modernization:** Work collaboratively with MAG to support IT modernization.
- 3. Addressing Internal Audit Review Recommendations:** Prioritize the implementation of recommendations outlined in the Ontario Internal Audit Division's (OIAD) final draft audit report.

Environmental scan

Key environmental factors

Financial sources and financial pressures

LAO receives funding from the Law Foundation of Ontario (LFO), which is used to support its operations. This funding source is highly variable because it is based on the prevailing interest rate and the amount of funds in Ontario lawyers' and paralegals' mixed trust accounts.

The Bank of Canada (BoC) interest rate increases throughout 2022 will result in increased funding from the LFO by the end of fiscal year 2022-23. It is anticipated that this increase in LFO funding will remain high for several years. Accordingly, LAO is forecasted to end fiscal year 2022-23 and several subsequent years with notable surpluses.

On November 29, 2022, the Ontario Superior Court of Justice declared that Bill 124 to be "void and of no effect." Originally designed to moderate broader public sector payroll expenses to a 3-year moderation period of 1% growth, the removal of this restriction could have a material impact on payroll expenses considering the recent economic inflationary pressure. The Government is currently appealing the ruling, so the full impact of this factor is unclear at this time.

Emerging from COVID-19

The return to in-person services while maintaining remote services has presented both opportunities for more and better client service, as well as challenges, including the increased cost associated with supporting both in-person and remote service delivery and work environments. LAO will continue to apply the creativity and adaptation that emerged during the pandemic, to these challenges.

Eligibility thresholds, tariff and compensation

With current financial eligibility thresholds tied to the 2011 Low Income Measure, an increasingly narrow segment of the population is eligible for legal aid services.

The LAO tariff rate (the hourly rate payable to private lawyers who provide legal aid services) was last increased in 2015. Inflation has eroded the value of the rate over time. This is a source of significant dissatisfaction and has created challenges for LAO in attracting and retaining lawyers to provide legal aid services.

Considerable market pressure and legislated compensation restrictions constrain LAO's ability to attract and retain talent. Experienced LAO staff often find more lucrative positions elsewhere. Implementing measures to reduce turnover will help LAO attract and retain talent, will alleviate pressures on staff and systems, and will support LAO's fulfillment of its mandate to deliver high-quality services.

Information Technology landscape

As with most public and private organizations, it is imperative that LAO maintain stable and modern systems that can meet operational requirements and be a platform for increased digital self-service and remote access.

Strategic directions

This Plan is guided by the five strategic goals outlined in [LAO's 2019-2024 Strategic Plan](#):

- Client-centred focus
- Demonstrated value for money
- Innovative services
- Engaged staff
- Effective collaboration

Focus areas for 2023-24

The initiatives outlined in this Plan reflect five areas of focus for the upcoming year, aligned with LAO's Strategic Goals:

1. Strengthening core mandate services
2. Attracting and retaining external service providers and internal talent
3. Supporting justice system recovery
4. Transforming and modernizing technology infrastructure and systems
5. Reconciliation, Anti-Racism and Equity, Diversity and Inclusion

1. Strengthening core mandate services

The goal of these initiatives is to reach more clients faster and more efficiently while maintaining a high quality of services.

Initiatives include:

- Examining options to expand Financial Eligibility Thresholds (FET)¹.
This would increase the number of Ontarians eligible for legal aid services
- Strengthening and increasing in-person and remote court-based services
- Implementing the new active offer requirements under the *French Languages Services Act*

¹ Initiatives regarding the expansion of financial eligibility are subject to the approval of the Attorney General

- Updating and enhancing summary legal advice to broaden advice services and reach more clients more efficiently
- Centralizing certificate management to make decision making on intake and authorizations streamlined and more efficient

2. Attracting and retaining external service providers and internal talent

The goal of these initiatives is to support and sustain the delivery of high-quality services by staff and external service providers by addressing long-standing issues that have been intensified by the economy and labour market, and by the increased time and cost associated with providing services to a client population whose needs have evolved to be more complex, and whose matters take longer to resolve.

Initiatives include:

- Examining options regarding the hourly tariff rate in order to retain and attract service providers who are qualified to provide high-quality effective, efficient services, and sustain continuity of services
- Implementing tariff reforms to increase the number of hours allocated to a proceeding to better reflect current realities of representing LAO clients
- Adopting a hybrid work model that supports blended service delivery and embodies the guiding principles of clients first, employee output and impact, ensuring remote work is not isolated work, and providing equitable access to hybrid options, where possible
- Developing and implementing a talent development and succession plan to ensure that LAO's staff and management are equipped with the necessary skills to meet LAO's service and strategic objectives
- Fostering employee engagement across the organization

3. Supporting justice system recovery

LAO is committed to supporting the court recovery process through ongoing collaboration with MAG as it plans and executes strategies to reduce the backlog within the justice system. Our continued alignment with MAG's efforts aims for a more efficient resolution of cases, benefiting both clients and the broader justice community.

4. Transforming and modernizing technology infrastructure and systems

The goal of these initiatives is to build a flexible, secure, and modern technology infrastructure. This work will help promote digital delivery and seamless, efficient client service. It will also reduce service interruptions for clients, service providers and staff; support remote and hybrid work; and protect data privacy and security.

Initiatives include:

- Conducting a Business Process Review (BPR) to document and streamline the processes related to client intake, eligibility, and services
- Actively implementing strategic investments to ensure LAO possess a flexible and modern technology and IT infrastructure capable of meeting the evolving needs of our organization and clients.

5. Reconciliation, Anti-Racism and Equity, Diversity and Inclusion

The goals of these initiatives are to respond effectively to the legal aid needs of Indigenous, racialized and other vulnerable client groups who face barriers in the justice system, and to create and maintain a positive, diverse, and anti-racist work environment. LAO remains committed to doing the work necessary to achieve reconciliation with Indigenous peoples, as detailed in the Calls to Action of the Truth and Reconciliation Commission report and the Calls for Justice from the National Inquiry into Missing and Murdered Indigenous Women and Girls.

Initiatives include:

- Collecting and analyzing race-based data and using the findings to address the challenges and biases that racialized individuals encounter in the justice system
- Implementing Impact of Race and Cultural Assessments (IRCA) to promote and increase fairness in sentencing outcomes for racialized clients
- Continuing to implement equity impact assessments in all areas of policy development
- Exploring options for a more holistic approach to serving Indigenous clients
- Embedding EDI principles in all recruiting, onboarding, training, development, and succession programs and processes, and corporate communications

Overview of programs and activities

LAO responded quickly when COVID-19 suspended in-person court appearances and legal aid service delivery. The world may have slowed down, but the need for legal aid services did not, and in some ways the need increased. In addition to providing uninterrupted vital services during the pandemic, LAO consulted on and implemented LASA 2020, new Rules and Policies, and other modernization initiatives. In the next year and beyond, LAO will apply the lessons learned, and will leverage the successes achieved in these unprecedented times to strengthen and improve services, and better support clients and partners in the justice system.

LAO provides approximately 1 million legal services annually through staff, certificate, and clinic service providers. LAO's provincial head office and six district offices are located across Ontario, based on the Ontario judicial districts:

- **North District** (Kenora, Rainy River, Thunder Bay, Cochrane, Algoma, Timiskaming, Sudbury, and Parry Sound)
- **East District** (Hastings, Lennox and Addington, Frontenac, Leeds and Grenville, Lanark, Renfrew, Ottawa, Carleton, Prescott and Russell, Stormont, Dundas and Glengarry)
- **Central East District** (Haliburton, Bracebridge, Peterborough, Cobourg, Durham, Kawartha Lakes, Orillia, Newmarket and Barrie)
- **Central West District** (Norfolk, Haldimand, Brant, Hamilton, Niagara, Halton, Peel and Dufferin)
- **West District** (Essex, Lambton, Chatham-Kent, Bruce, Grey, Huron, Perth, Oxford, Elgin, Middlesex, Guelph/Wellington and the Region of Waterloo)
- **Toronto District** (East York, Etobicoke, North York, Scarborough, Old Toronto).

LAO provides eligibility-tested services as follows:

1. Eligibility Assessment

Client eligibility is assessed through:

- LAO's Call Centre – available toll-free from anywhere in Canada delivering services in over 300 languages including 18 Indigenous languages and dialects.
- LAO Online Client Portal – clients can apply for services or check status of applications.
- In person application services – available at district offices and courthouses throughout the province.

2. Legal Services in specified areas of law

LAO provides services in criminal, family, immigration/refugee, and poverty law matters through:

- Certificates – private practice lawyers provide full representation for eligible clients.
- Court-based Duty Counsel services – in-court assistance is provided by both staff and private lawyers, in person and remotely, in every court jurisdiction in Ontario.
- Staff services – clients receive certain services in family and immigration matters from staff lawyers in locations across Ontario, and from Senior Counsel, who represent clients who are difficult to serve through normal channels, often due to multiple vulnerabilities.
- LAO-funded community legal clinics – poverty law services are available to clients at 72 independent legal clinics.
- Student Legal Services Organizations – clients are served through student clinics at each of Ontario's seven law schools.
- Indigenous Legal Services Organizations – LAO has contracted with Nishnawbe-Aski Legal Services Corporation and Aboriginal Legal Services.

3. French Language Services (FLS)

LAO provides its services in English and French in areas across the province that are designated pursuant to the *French Language Services Act* (FLSA), and in all its centralized services and communications. In order to meet its obligations under the FLSA, FLS are integrated into all LAO initiatives.

In 2023-24, FLS priorities for LAO will include the implementation of new FLS requirements:

- Implementation of the measures to support the active offer of FLS, expected in a new FLSA regulation.
- Provision of FLS in the City of Sarnia, which is now designated pursuant to the FLSA.

4. Multiple Language Services

Information and services in multiple languages for those who do not speak English or French are important supports for access to LAO services and access to justice for clients. LAO provides interpretation services in over 300 languages across all its services by way of a third party vendor.

In 2023-24, LAO will broaden multi-language service options for clients further by producing informational materials about LAO and LAO's services in multiple languages, including how clients can identify their language needs and access interpretation services.

5. Legal Research Services

LAO provides high-quality legal services for clients by providing legal research and support to lawyers acting for legally aided clients, clinics, Indigenous and student legal services organizations.

LAO's Clinic Resource Office also provides Court Litigation Support Services such as co-counselling and/or other ongoing support on appeals, judicial reviews, and systemic cases at tribunals.

6. Lawyer Services and Payments

The primary role of the LSP department is to support roster members providing services through the certificate program and to ensure fast and efficient payments in accordance with the Rules.

Over the years, LAO has collected a wealth of feedback from our roster members during formal and informal consultations, including those that focused on redesigning Legal Aid Online, our billing and communication portal, and tariff reform. The insight gained from this

feedback and the lessons learned from the COVID-19 pandemic will influence ongoing work focused on modernizing the way in which LAO interacts with and pays our roster members.

Initiatives involving third parties

Clinics and Student Legal Services Organizations

LAO funds 72 independent community legal clinics to deliver legal aid services to low-income people with issues related to housing and shelter, income maintenance, social assistance, employment law, immigration and refugee law, workers' rights, human rights law, Indigenous law and many others. LAO also funds seven university-operated Student Legal Services Organizations (SLSO), which provide advice and representation through experiential learning by volunteer law students on minor criminal law matters, housing and shelter, family law and other areas. LAO also provides funding for a student family law program through Pro Bono Students Canada.

There are two parts to LAO's governance of and relationship with clinics:

- LAO's accountability to deliver poverty law services across Ontario for which clinics have a foundational role.
- LAO's oversight of individual clinics – the one-to-one transfer payment relationship between LAO as funder and the clinic as funding recipient.

LAO's Legal Aid Services Rules established under LASA 2020 set out a results-focused, risk-based framework for LAO's oversight of the delivery of legal aid services by entity service providers, and include LAO's obligations under the Transfer Payment Accountability Directive. Service agreements between LAO and clinics/SLSOs set out community-responsive services to be delivered with funding and establish regular reporting on services.

As a result of LASA 2020 coming into force, LAO's focus is on working closely with entity service providers to:

- Implement a risk framework that reflects a shared understanding between LAO and entity service providers of what creates a high-risk entity; strengthen risk-based management practices in LAO's oversight of clinics
- Continue to design and implement performance measures that allow for entity service providers and LAO to monitor risks to services and to the entity
- Continue to clearly identify service level expectations and accountabilities, where LAO provides supports to clinics (e.g., integrating clinics into LAO's IT strategy)

- Develop and implement a new clinic board portal to improve communication between LAO and clinic boards
- Develop proportional reporting requirements based on risk; and revised SLSO financial and statistical reporting requirements
- Develop streamlined reporting and annual funding process for low-risk clinics
- Continue to identify, prioritize and implement design and functionality enhancements to CIMS
- Develop a funding formula that can provide equitable and stable services across the province, in consultation with entity service providers and other stakeholders.

Through these initiatives, LAO will continue to enhance the governance and oversight of the delivery of legal aid services by clinics and SLSOs through:

- Defined objectives, functions, eligibility criteria and obligations for transfer payments to clinics
- Focusing on results achieved for funds provided
- Increased transparency through improved reporting requirements
- Clearer roles, responsibilities and expectations for LAO's relationship to the clinic system
- Improved, proportionate oversight of clinics by LAO
- Promotion of continuous improvement and transparency through performance measures
- Risk-based approach to transfer payment accountability including identification of risks and development of plans to manage risks
- Updated, clear and transparent operational standards for clinics through an updated policy framework.

Community Legal Education Ontario

Access to justice includes access to public information about individual rights, the legal system, and legal services available to Ontarians. CLEO has been a reliable source of this vital information since 1974. LAO will continue to fund CLEO's important mission to deliver public legal education and information, and work with them to ensure low-income Ontarians continue to receive it.

Indigenous legal services organizations

LAO continues its work to address the essential task of strengthening relationships between all Indigenous Peoples, communities and governments as outlined in The Journey Together: Ontario's Commitment to Reconciliation with Indigenous Peoples. LAO is committed to building on its efforts from 2022-23 to create agreements with Nishnawbe-Aski Nation (NAN) and Aboriginal Legal Services that can be used as models for agreements with other Indigenous legal services organizations.

Nishnawbe-Aski Legal Services Corporation (NAN Legal)

LAO will be working with Nishnawbe-Aski Legal Services Corporation (NAN Legal) to implement its service agreement to support the delivery of their services, specifically the administration of LAO's certificate and duty counsel programs for members of NAN communities and the implementation of their staff lawyer program.

Aboriginal Legal Services

LAO will continue to work with Aboriginal Legal Services (ALS) to provide culturally relevant and competent legal aid services, including criminal and child protection certificate services with the objective of addressing gaps in roster capacity.

Ontario Federation of Indigenous Friendship Centres

LAO will continue to work with OFIFC to support and strengthen OFIFC's Community Justice Program. LAO's funding agreement supports OFIFC's culturally based pre- and post-charge diversion program for Indigenous youth and adults who come into conflict with the law.

Equity, Diversity and Inclusion

LAO's EDI initiatives support an inclusive and diverse workplace that reflects the people, cultures and languages of the communities we serve.

The following are key EDI priorities and activities for 2023-2024:

1. Integrating and Supporting EDI at LAO

LAO's EDI, Racialized Community Strategy (RCS) and Aboriginal Justice Strategy (AJS) teams will continue to work collaboratively to build a culture of equity and inclusion for Indigenous, Black and other racialized communities.

2. EDI Learning and Development

LAO will continue to provide mandatory EDI training for all LAO employees. Training topics are chosen based on the needs of, and issues identified by, LAO employees.

3. Multi-Year Strategic EDI Plan

LAO's Multi-Year Strategic EDI Plan reflects the issues identified in the diversity demographic and inclusion survey undertaken through the Canadian Centre of Diversity and Inclusion, and internal focus groups. A follow-up survey will be conducted in 2024, which will further refine the multi-year plan.

4. Accessibility for *Ontarians with Disabilities Act* Training

The Accessibility Committee meets regularly to discuss LAO's Accessibility Plan, and review LAO's Accessibility Policy and Human Resources Accessibility Policy. LAO will be rolling out additional training on its accessibility policies for all staff.

Enterprise Risk Management

LAO has established an Enterprise Risk Management (ERM) program based on best practices and in keeping with the Agencies and Appointments Directive and the Enterprise Risk Management Directive. This includes having in place a framework and process to effectively identify, assess, mitigate, monitor and report risks to the achievement of LAO's priority value creation and value preservation objectives.

LAO's risk management framework and practice drive the analysis of internal and external risks to LAO's objectives, with the ultimate goal of informing ongoing planning, decision-making and oversight processes at all levels of the organization.

Significant assumptions, uncertainties and risks are managed by LAO, monitored by LAO's senior management and the ERM group, and reported to Board Committees. LAO also provides a quarterly risk report to MAG.

Key risks identified through the ERM process that could affect the Business Plan over the planning cycle include:

- Continued variability of LAO's primary sources of funding, and the means by which fluctuations are managed, constrains LAO's ability to effectively respond to changing client needs and to ensure the maintenance of necessary operational infrastructure
- Stagnant tariff billing rates for private bar lawyers (certificate and per diem duty counsel) coupled with income-eroding inflation could deter current and prospective roster members from serving legally-aided clients
- Inability to attract and retain internal talent due to limitations of LAO's total compensation package, including pension plan limitations, negatively impacts the ability to achieve strategic and operational service delivery objectives, and the ability to fulfil the statutory obligation to deliver high-quality service
- New demand for a mix of both remote and in-person court-based services, and the variation in such demand across different districts, cannot be met with existing personnel
- Progressing LAO's IT systems and capabilities is a priority for operational continuity and progress related to operational modernization and the enhanced delivery of digital / self-service options for clients and service providers
- LAO will continue to adhere to its consultation obligations under LASA 2020 through internal coordination and governance to effectively plan and prioritize Rule changes.

Three-year financial outlook and projections

After several years of operational deficits, LAO is projecting a net operating surplus of \$102.8 million for the current fiscal year, 2022-23. This surplus is \$119.2 million more favourable than the approved budgeted deficit of (\$16.4 million) for this year, driven primarily by the unprecedented increase in LFO funding and lower certificate expenditures due to lower-than-expected issuance.

Additionally, LAO forecasts significant surpluses in at least the next two fiscal years due to increased funding from the LFO (\$160.3 million in 2023-24 and \$45.1 million in 2024-25). Due to this projected favorable financial position, LAO has an opportunity to leverage the surplus funding to eliminate previous years' accumulated deficit (\$17.7 million), replenish its contingency reserve fund (CRF) (\$20 million), and make impactful client-focused strategic investments.

The unpredictability and variability of LFO revenue is an important factor affecting LAO's financial position over the next three years. While LAO has experienced a healthy amount of growth in LFO balances and interest rates in 2022, the direction of the BoC is unpredictable. This leaves LAO in an uncertain position, pending agreement from the government regarding the utilization of LAO's surplus for continued financial and operational sustainability.

LAO's current budget relies on LFO revenue, which represents 40% of total LAO revenue in 2023-24. Stable funding is the most effective means to avoid future operational deficits. As LAO and MAG work towards that goal, we operate within the current variable funding framework with a focus on stability and sustainability.

LAO constantly monitors BoC disclosures and analyst reports to anticipate future rate and mixed trust balance movements, which in turn helps to manage the risk associated with the fluctuation in LFO funding.

This three-year financial outlook also considers the following major assumptions:

1. The provincial transfer payment is LAO's primary funding source and will remain at approximately \$270 million for 2023-24 to 2024-25 (\$268 million of provincial base funding and approximately \$2 million in recognition of deferred modernization revenue)

2. Federal criminal funding will continue at current levels. It is anticipated that it will decline from 2024-25 onwards due to the sunset of the 2020 Fall Economic Statement funding (i.e. budgeted as \$20 million in federal criminal funding in 2023-24)
3. LFO revenue is budgeted with the assumption of BoC reducing interest rates in Q3 of 2023 as inflation eases.
4. The real estate market will cool down due to higher interest rates reducing LFO mixed trust balances.
5. Certificate expenses will return to pre-pandemic levels by 2023-24.
6. Payroll expenses include 1% increases for each of the three years in the plan, subject to continued review and contingency planning as necessary (i.e. related to *Protecting a Sustainable Public Sector for Future Generations Act*, 2019 and *Strong Action for Ontario Act (Budget Measures)*, 2012)
7. Clinic funding includes a 2% annual increase in anticipation of increased demand for poverty law services due to the effects of the pandemic.
8. All other expenses are expected to remain relatively flat.

Forecast and Three-Year Projection (\$000's)

(\$000's)	2021-22 Actual	2022-23 Forecast	2023-24 Budget	2024-25 Outlook	2025-26 Outlook
Revenues					
Provincial Funding	288,789	226,004	270,064	270,064	269,137
Federal Funding	91,959	104,591	115,707	94,842	94,262
Law Foundation Ontario	44,585	219,250	267,872	201,114	220,608
Other Income	8,427	8,875	9,512	9,963	10,299
Total Revenue	433,760	558,720	663,155	575,983	594,306
Expenses					
Central Operations Base	210,787	206,714	220,892	220,175	220,660
<i>Tariff Increase</i>			4,255	14,316	27,727
<i>Tariff Reform</i>			8,553	19,995	23,831
<i>Interpreter Increase</i>			250	250	250
<i>LAO LAW and CRO Research Platform Upgrade</i>			844	1,688	1,688
<i>Centralized Certificate Management Group</i>			1,094	2,189	2,189
Central Operations Total	210,787	206,714	235,888	258,613	276,345
Regional Services Base	90,553	95,382	95,984	94,449	96,397
<i>Per Diem Tariff</i>			4,869	7,397	10,087
<i>Summary Legal Advice</i>			1,603	3,205	3,205
<i>Senior Counsel Family</i>			1,452	2,903	2,903
Regional Services Total	90,553	95,382	103,908	107,954	112,592

Clinic Services Base	99,974	104,115	106,503	108,033	109,806
Clinic Services Total	99,974	104,115	106,503	108,033	109,806
Aboriginal Justice Strategy – Gladue	1,962	1,969	2,103	2,105	2,109
Administration Base	40,121	41,958	43,120	41,777	42,707
<i>Strategic IT Investment</i>			2,568	4,136	4,136
Administration Total	40,121	41,958	45,688	45,913	46,843
Other Expenditures	4,657	5,800	8,800	8,300	7,373
Total Expenses ¹	448,054	455,938	502,890	530,918	555,068
Net Operating Surplus/ (Deficit)	(14,294)	102,782	160,265	45,065	39,238
Accumulated (Deficit)/ Surplus	(17,673)	85,109	245,374	290,439	329,677

Revenue

- Provincial funding is anticipated to remain stable at \$270 million per year ongoing (including recognition of deferred modernization revenue)
- Federal funding (criminal and immigration & refugee) is expected to remain stable for the out-years after the sunset of the 2020 Fall Economic Statement funding (budgeted as \$20 million in federal criminal funding in 2023-24)
- Overall revenue will go down in 2024-25, and 2025-26 due to the sunset of the Federal Criminal funding announced as part of the 2020 Fall Economic Statement and the decline in the LFO revenue
- LFO funding is anticipated to decrease as BoC starts cutting interest rates in Q3 of 2023 as inflation eases and the real estate market cools down. The expectation is that the higher interest rates will eventually reduce mixed trust balances. The table below shows the LFO revenue projection for the next three years:

¹ Due to rounding some of the numbers may not add up to the exact dollar amount

\$M	2021-22	2022-23	2023-24	2024-25	2025-26
LFO Revenue Projections	44.6	219.2	267.9	201.1	220.6

Expenditures

- Overall expenditures are steadily increasing by 6.8% per year on average. This increase is primarily due to increased investment in certificates.

Expenditure Assumptions

Programs (\$000's)	2021-22 Actual	2022-23 Forecast	2023-24 Budget	2024-25 Outlook	2025-26 Outlook
Criminal - BCM	23,002	23,500	25,070	25,546	26,431
Criminal - Non BCM	77,308	73,500	85,998	96,331	103,705
Family	66,469	57,000	58,902	66,378	72,890
Immigration and Refugee	21,130	24,000	33,332	36,191	38,274
Civil	8,450	9,500	10,755	11,114	11,510
Total certificate program	196,359	187,500	214,058	235,560	252,809

The certificate program is expected to return to its pre-COVID-19 levels. In addition, proposed tariff increases over the next three years would contribute to increasing certificate costs in the out-years.

- Regional Services expenses are expected to increase by an average of 5.7% in the out-years due to Duty Counsel per diem tariff and initiatives such as Family Senior Counsel and Summary Legal Advice.
- Clinic investment will increase on average by 1.8% over the next three years due to investments in the Clinic Resource Office Tool, and 2% annual budget increases.
- Due to IT infrastructure investments, administration costs will increase on average by 3.7% over the next three years. However, despite these investments, administration expenses will remain below 10% of total expenses (9.1% in 2023- 24 and go down to 8.4% in 2025-26).
- Compensation increases have been budgeted in each of the next three years for union and non-union employees; grid increases will remain at 1% in each of the next three years (reflecting the moderation period from the *Protecting a Sustainable Public Sector for Future Generations Act, 2019*). The increases are incorporated into each business area (e.g., Regional Services, Clinics, etc.). LAO will continue to monitor this closely and has prepared contingency plans to respond to future developments related to this legislation.
- This expense originates from Client Contribution Agreement revenues. Bad debt expense is projected to remain stable at \$3.0 million.
- Depreciation expense is budgeted to be \$5.5 million for 2023-24, \$5.0 million in 2024-25, and \$4.1 million in 2025-26. The rise in depreciation expenses from 2022-23 is due to the capitalization of planned IT projects and the amortization of modernization initiatives.
- To support IT infrastructure initiatives, the capital budget is \$4 million for 2023- 24. After that, the capital budget will decline to \$2 million in 2024-25 and 2025- 26. The capital budget for future years will vary depending on project timing. This does not include any additional capitalization of modernization initiatives.

Implementation approach

LAO's Enterprise Strategy Management (ESM) department works with divisional project leads to conduct or assist with implementation analysis and planning for enterprise strategic projects.

Through the use of project management tools and techniques, LAO assesses the amount of resource effort required to complete each prioritized project initiative and how much corporate resource capacity is available to deliver them. The process identifies potential gaps and conflicts in corporate resources that could impede the implementation of enterprise projects.

The approach to implementation planning is through an implementation analysis framework that encompasses a three-step process:

1. Defining what is changing;
2. Defining how it is changing; and
3. Developing implementation delivery plans that include: identifying the desired outcomes and goals for each deliverable; identifying resources required to implement the deliverables, including necessary funding, staffing, and administrative, operational and systems changes; and the creation of roll-out plans.

Human capital

The Human Resources (HR) department supports the execution of LAO's Business Plan by maintaining excellent partnerships with management, employees, and our bargaining agents to:

- continuously promote a culture that values all employees and embraces equity, diversity and inclusion, and
- foster an inclusive and respectful workplace with a diverse talent pool and ensure that human resources' services, policies and systems align with LAO's values, strategy and mission.

LAO Workforce	Sept 30, 2021	Sept 30, 2022
Management	136	135
Society Lawyers	320	327
OPSEU	461	480
Non-management, non-union employees	100	105
Total	1,017	1,047

As part of LAO's work in moving toward a post pandemic reality, the corporation is identifying measures and activities to ensure that LAO is able to recruit and retain the staff necessary to meet its core mandate.

A critical feature of LAO's post-pandemic human resources environment is the new demand for remote duty counsel services. Justice partners now want and expect LAO to provide both remote and in-person duty counsel services concurrently. Doing so with LAO's existing duty counsel capacity is not possible. Similarly, meaningfully assisting with efforts to address the backlog with existing capacity, particularly given that Crown capacity has increased significantly, is not possible. Remote duty counsel service delivery is effective, efficient and offers good value for money, but it requires additional capacity. LAO will therefore be determining how to meet the demand in a way that is effective, efficient, and maintains a high quality of service.

Information Technology (IT) service delivery plan

LAO's IT team is working toward expanding client access and services through modern technology systems and tools to better support the legal needs of clients, duty counsel, LAO staff and community legal clinics. Building on lessons learned during the COVID-19 pandemic, the organization is reviewing and investing in best-in-breed systems and technologies that are flexible, interconnected and help improve process efficiencies for both LAO and the Ontarians we serve.

LAO is evaluating current systems and looking for opportunities to leverage new Software as a Service (SaaS) or similar technologies that provide greater levels of service, security, and inter-connectedness. This will allow LAO and our services to be more agile and better suited for changes in priorities and strategies. It will also ensure our systems are kept secure and up to date with access to new features and controls.

Currently, LAO is reviewing systems and business processes to identify opportunities to provide efficiencies, methods of digital delivery, and enhance data-driven decisions derived from current and future systems. Information Technology updates will be guided by a client-service (external and internal) focus. Moving forward, LAO IT is concentrating on the following key areas:

1. Upgrading or migrating to newer modern systems with a focus on the advantages of cloud-based solutions.
2. Expanding access and availability of services to Ontarians employing, where appropriate, mobile-ready technology and artificial intelligence.
3. Increasing collaboration among digital teams to improve services to clients and speed up the work of internal teams.

Initiatives to modernize its technology infrastructure will be a considerable draw on human and financial resources across the organization, over the coming years.

Communications plan

LAO engages in public consultation to support client-focused, innovative, transparent and accountable legal aid services. LAO consults about different topics in a variety of ways. LAO follows a consultation process when changes to Rules or Policies are being considered. These statutory rule consultation meet specific requirements are set out in LAO's Public Consultation Policy.

Notices of consultations about proposed changes to Rules and Policies, as well as other types of consultations, will be posted at legalaid.on.ca. Individuals and organizations can now also subscribe to the [LAO Consultation Registry](#) to receive email alerts about upcoming consultations. The Registry which supports inclusive and diverse participation, enables any individual or group to register and receive information about consultations.

Consultations about rule and policy changes make up only a portion of LAO's overall consultation and engagement with its clients, service providers, justice system collaborators and the public. LAO always welcomes feedback from service providers, justice stakeholders and, most importantly, clients.

Appendices

Appendix A: Agency mandate letter

Attorney General

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Our Reference #: M-2022-9073

September 28, 2022

Mr. Steve Pengelly Chair
Legal Aid Ontario
40 Dundas Street West, Suite 200 Toronto, ON
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Email: pengellys@lao.on.ca

Dear Mr. Pengelly:

I am pleased to share our government's 2023-24 priorities for Legal Aid Ontario (LAO).

As Chair, you play a vital role in helping LAO achieve its mandate. It is important that your agency's goals, objectives, and strategic direction continue to align with our government's priorities and direction. As part of the government of Ontario, agencies are expected to act in the best interests of the people of Ontario and ensure that they provide value for money to taxpayers. Agencies are also required to adhere to government policies and directives.

Per the requirements of the Agencies and Appointments Directive, this letter sets out my expectations for LAO for 2023-24. These priorities include:

1. Competitiveness, Sustainability and Expenditure Management

- Identifying and pursuing opportunities for revenue generation through partnerships, where appropriate.
- Identifying efficiencies and savings through innovative practices, and/or improved program sustainability.

- Continue to promote and maintain the agency's financial sustainability so that it can deliver all of its core mandated client services and strategic initiatives.
- Operate within the agency's financial allocations.
- Complying with applicable direction related to supply chain centralization, including contract harmonization for planned and pending procurements, accounting practices and realty interim measures for agency office space.
- Leveraging and meeting benchmarked outcomes for compensation strategies and directives.

2. Transparency and Accountability

- Abiding by applicable government directives and policies and ensuring transparency and accountability in reporting.
- Adhering to accounting standards and practices, and responding to audit findings, where applicable.
- Identifying appropriate skills, knowledge and experience needed to effectively support the board's role in agency governance and accountability.

3. Risk Management

- Developing and implementing an effective process for the identification, assessment, and mitigation of agency risks, including COVID-19 impacts and any future emergency risks.

4. Workforce Management

- Optimizing your organizational capacity to support the best possible public service delivery, including redeploying resources to priority areas, where needed.
- Supporting the implementation of the Community Jobs Initiative (CJI) by identifying opportunities to relocate new or existing agencies to lower cost communities.

5. Diversity and Inclusion

- Developing and encouraging diversity and inclusion initiatives by promoting an equitable, inclusive, accessible, anti-racist and diverse workplace.
- Adopting an inclusion engagement process to ensure all voices are heard to inform

policies and decision-making.

- Continue to engage, collaborate, and support Indigenous, racialized, and marginalized communities to address the unique systemic barriers that they face in the justice system.
- Working collaboratively to respond to the *Truth and Reconciliation Commission of Canada's* "calls to action".
- Developing and supporting distinct policies and programs that address the over-representation of Indigenous and Black people in the criminal justice system and child welfare system.
- Ensuring that digitization and other modernization strategies do not create access to justice barriers for marginalized people who may not have access to technology.

6. Data Collection

- Improving how the agency uses data in decision-making, information sharing and reporting, to inform outcome-based reporting and improve service delivery.
- Increasing data sharing with Supply Ontario when applicable regarding procurement spending and planning, contract arrangements and vendor relations to support data-driven decision-making.
- Working to collect race-based data from bail clients and sharing with the ministry as per its requirements under the *Anti-Racism Act, 2017*.

7. Digital Delivery and Customer Service

- Exploring and implementing digitization for online service delivery to ensure customer service standards are met.
- Using a variety of approaches or tools to ensure service delivery in all situations, including pursuing delivery methods that have evolved since COVID-19.

These are the government-wide commitments for board-governed provincial agencies. Please see the attached guide for further details of each priority.

I am also sharing several priorities specific to LAO:

1. Supporting the Court Recovery Process

- Working collaboratively with the ministry as it plans and executes strategies to reduce the court backlog.

2. IT Modernization Project

- Working collaboratively with the ministry to support IT modernization.

3. Addressing Internal Audit Review Recommendations

- As part of the 2021-22 OPS-Wide Audit Plan, an Audit of LAO's Financial Management and Forecasting Processes was conducted by Treasury Board Secretariat's Ontario Internal Audit Division (OIAD).
- A final draft report shared by OIAD in August 2022 identified several recommendations for the agency and the ministry.
- In 2023-24, LAO is expected to prioritize the implementation of recommendations outlined in the final draft audit report and include these activities within its operational planning.

I look forward to learning how these priorities will be reflected in the agency's upcoming business plan and in ongoing agency operations.

Thank you and your fellow board members for your continued commitment to LAO. Your work and ongoing support is invaluable to me and the people of Ontario. Should you have any questions, please feel free to contact Jane Mallen, Assistant Deputy Attorney General, Policy Division, at jane.n.mallen@ontario.ca.

Sincerely,

A handwritten signature in black ink that reads "Doug Downey". The signature is fluid and cursive, with the first name "Doug" and last name "Downey" clearly distinguishable.

Doug Downey
Attorney General

Attachment: Government Priorities for Agency Sector Chart

Appendix B: Governance & corporate structure

LAO's board governance structure includes four committees (Audit & Finance, Operations, Human Resources, and Nominating & Governance). These committees review matters brought forward by management and make recommendations to the board of directors in their respective areas of responsibility. Each committee has a charter setting out its mandate, with the chair responsible for reporting to the full board of directors.

Current board appointees and terms of office

Name	Title	Nomination/ Appointment	Term of office	Lawyer	Effective date	End date
Steve Pengelly	Chair	Attorney General	3 Years	Yes	April 11 22	April 10 25
Jennifer Gold	Board Member	Law Society	2 Years 3 Years ¹	Yes	Dec 10 20 Dec 10 22	Dec 9 22 Dec 9 25
Judy Mintz	Board	Attorney General	3 Years	No	March 5 20	March 4 23
Peter Johnson	Board Member	Attorney General	2 Years 3 Years ²	Yes	Jan 7 21 Jan 7 23	Jan 6 23 Jan 6 26
Deborah Moriah	Board	Law Society	2 Years	No	Jan 7 21 Jan 7 23	Jan 6 23 Jan 6 26
Bryn Gray	Board Member	Law Society	2 Years 3 Years ³	Yes	Jan 14 21 Jan 14 23	Jan 13 23 Jan 13 26
Julia Bailey	Board Member	Attorney General	2 years	Yes	Apr 29 21	Apr 28 23
Louise Harris	Board Member	Attorney General	2 years	No	Sept 8 22	Sept 6 24

¹ Renewed Term

² Renewed Term

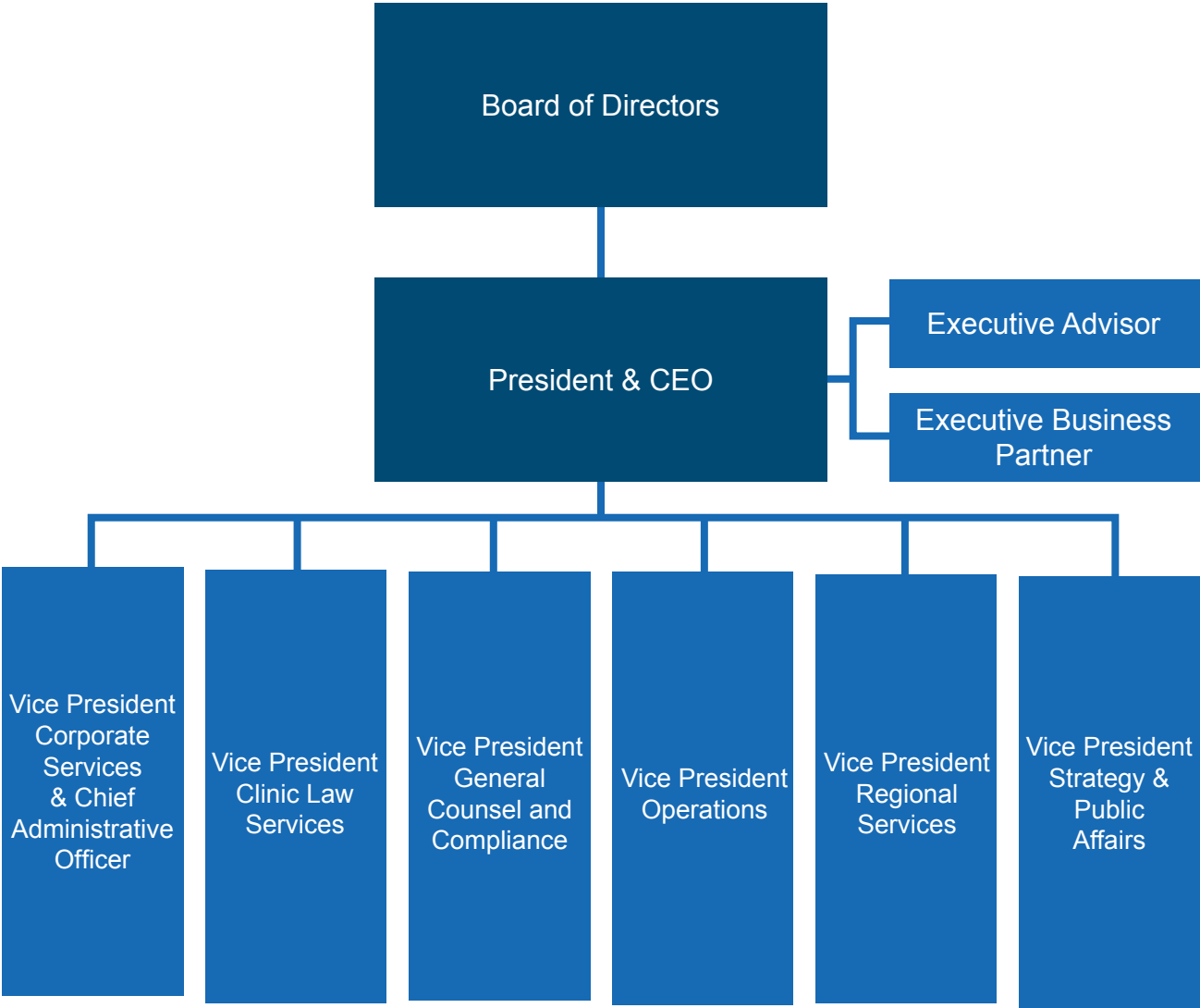
³ Renewed Term

Name	Title	Nomination/ Appointment	Term of office	Lawyer	Effective date	End date
Melanie Debassige	Board Member	Attorney General	2 years	No	Jan 19 23	Jan 18 25
David Field	President/ CEO/ Ex Officio Board Member	LAO Board of Directors	N/A	No	Jan 1 16	N/A

Current committee membership

Audit and finance	Operations	Human resources	Nominating and corporate governance
<u>Chair</u> Jennifer Gold <u>Membership</u> <ul style="list-style-type: none"> Vice Chair - John Callaghan Judy Mintz Julia Bailey Steve Pengelly, non-voting member David Field, ex-officio non- voting member 	<u>Chair</u> Bryn Gray <u>Membership</u> <ul style="list-style-type: none"> Deborah Moriah Steve Pengelly, non- voting member David Field, ex-officio non-voting member 	<u>Chair</u> Peter Johnson <u>Membership</u> <ul style="list-style-type: none"> Judy Mintz Louise Harris Steve Pengelly David Field, ex-officio non-voting member 	<u>Chair</u> Steve Pengelly <u>Membership</u> Full Board of Directors

Corporate & executive structure



Appendix C: Organizational health performance measures

1. Organizational health

Measure	Baseline	2023-24 Target
Turnover	10.5% Q2 2022-23	↓ 10.0%
Average sick days used per employee (incidental + short term)	7.7 Q2 2022-23	↔ 8.0
Employee engagement	67% 2020 Survey Result	↑ 72%

2. Financial Indicators

Measure	Baseline	2023-24 Target
Balanced budget	\$118M surplus Forecast as Nov 15, 2022	↔/↓ balance or surplus budget (pending LFO revenue)
Contingency Reserve Fund	\$0 FY 2021-22	↑ to \$20M
Debt position	No accumulated deficit forecast for 2022-23	↔ (or accumulated surplus)
Cash flow	\$147M cash Forecast as at Nov 15, 2022	↔/↓ \$60M cash balance or greater (pending LFO revenue)

3. Service

Measure	Baseline	Target
Acceptance rate for certificate applications	87%	↔ 87%
% of calls answered within 3 minutes (L1)	73%	↑ 80%
% of calls answered within 3 minutes (LSC)	86%	80%
% of calls answered within 3 minutes (In- custody)	65%	↑ 80%
% of calls answered within 3 minutes (L2)	79%	80%
Overall client satisfaction (% positive responses)	79%	↔ 80%
Overall lawyer satisfaction (% positive responses)	46%	↑ 50%

Appendix D: 2021-22 operations data

1. Clients assisted by duty counsel

Area of law	2017-18	2018-19	2019-20	2020-21	2021-22
Criminal	508,679	516,160	516,759	377,694	559,510
Civil ¹	139,977	138,063	101,927	55,544	67,122
Total	648,656	654,223	618,686	433,238	626,632

2. Formal applications for certificates by fiscal year

Certificate applications	2017-18	2018-19	2019-20	2020-21	2021-22
Applications made	119,300	129,360	120,335	103,077	114,762

3. Certificate application outcomes

Outcomes	2017-18	2018-19	2019-20	2020-21	2021-22
Approved	102,873	111,588	105,308	94,909	100,419
Refused	13,159	14,024	13,010	6,527	10,700
Other ²	6,404	6,380	5,904	2,618	3,420
Total outcomes recorded	122,436	131,992	124,222	104,054	114,539

¹ This category consists largely of people assisted in family law courts

² Outcomes of an administrative nature and can include referrals to other service providers, applications withdrawn by the client, or instances when an application was created in error

4. Length of time to determine application outcome

Duration of application decision	2017-18	2018-19	2019-20	2020-21	2021-22
Same-day	85,652	92,533	87,242	88,743	89,502
2 to 7 days	10,023	12,264	13,134	6,477	10,715
8 to 14 days	6,199	6,835	5,787	2,068	3,588
15 to 30 days	9,225	9,522	8,432	2,410	4,518
Over 30 days	11,337	10,838	9,627	4,356	6,216
Total outcomes recorded	122,436	131,992	124,222	104,054	114,539
Same-day outcomes	70%	70%	70%	85.29%	78.14%

5. Certificates approved by area of law

Area of law	2017-18	2018-19	2019-20	2020-21	2021-22
Criminal	56,777	60,408	60,097	52,068	57,505
Family	27,049	29,401	24,055	28,302	23,774
Immigration and refugee	13,687	16,181	15,502	6,750	11,510
Other ¹	5,360	5,598	5,654	7,789	7,630
Total certificates issued	102,873	111,588	105,308	94,907	100,419

6. Percentage of certificates accepted by area of law

Area of law	2017-18	2018-19	2019-20	2020-21	2021-22 ²
Criminal	97%	97%	96%	95%	94%
Family	80%	78%	77%	75%	68%
Immigration and refugee	94%	94%	93%	91%	88%
Other ³	95%	95%	96%	96%	95%

7. Number of lawyers who accepted a LAO certificate

Lawyers	2017-18	2018-19	2019-20	2020-21	2021-22
Number of lawyers ⁴	3,430	3,418	3,326	3,266	3,146

¹ Represents matters before the Consent and Capacity Board, prison law, and matters before civil tribunals

² 2021-22 figures are not final as clients may be in the process of finding a lawyer to represent them

³ Represents matters before the Consent and Capacity Board, prison law, and matters before civil tribunals

⁴ The number of roster members as of November 2022 was 4,879. Not all roster members acknowledge LAO certificates in a given fiscal year

8. Number of lawyers paid more than \$100K in fees

Fees	2017-18	2018-19	2019-20	2020-21	2021-22
100K to 250K	625	639	665	431	566
Over \$250K	81	94	73	46	82
Total	706	733	738	477	648

9. Average cost of a completed certificate by area of law

Area of law	2017-18	2018-19	2019-20	2020-21	2021-22
Criminal	\$1,787	\$1,815	\$1,750	\$1,672	\$1,667
Family	\$3,335	\$3,496	\$3,525	\$3,490	\$3,555
Immigration & refugee	\$2,469	\$2,401	\$2,076	\$2,028	\$2,204
Other ¹	\$1,496	\$1,571	\$1,453	\$1,345	\$1,329
Overall average cost	\$2,143	\$2,180	\$2,089	\$1,947	\$2,007

10. Average lifetime of a completed certificate in months

Area of law	2017-18	2018-19	2019-20	2020-21	2021-22
Criminal	7.6	7.5	7.6	8.9	9.4
Family	14.5	14.9	15.1	16.2	16.7
Immigration & refugee	11.0	15.7	14.7	17.3	18.7
Other ²	3.3	3.6	3.5	3.3	3.3
Overall average cost	9.0	9.4	9.5	10.0	10.9

¹ Represents matters before the Consent and Capacity Board, prison law, and matters before civil tribunals

² Represents matters before the Consent and Capacity Board, prison law, and matters before civil tribunals

11. Clinic services: In 2021-22 community and specialty legal clinics activities included:

Activity	2021-22
Cases Opened	96,931
Tenant Duty Counsel Assists	67,686
Referrals to other services and agencies	45,299
Community, advocacy, and communications initiatives	6,434

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