

To:	Legal Services Board	Agenda Item No.:	13
Date of Meeting:	24 November 2016	Item:	Paper (16) 77

Title:	OLC: 2017/18 budget principles
Workstream(s):	Performance and oversight
Author / Introduced by:	Jenny Prior, Business Planning Associate Jenny.prior@legalservicesboard.org.uk / 020 7271 0053 Steve Green, Office for Legal Complaints (OLC) Chair Kathryn Stone, Chief Legal Ombudsman, LeO Rob Powell, Director of Corporate Services, LeO
Status:	Official

Summary:
<p>Steve Green, Kathryn Stone OBE (Chief Legal Ombudsman) and Rob Powell (Director of Corporate Services) will attend to present this item and answer any questions from the Board.</p> <p>The purpose is to give Board Members early sight of the OLC's budget principles as they develop their indicative budget for 2017/18.</p> <p>The Board will be asked to approve the OLC's final budget at its meeting in March 2017.</p> <p>The paper provided by OLC, at Annex A, sets out the strategic, financial and performance context, high-level revenue and capital budgets, key risks and assumptions and their general approach to measuring and improving performance.</p>

Recommendation(s):
The Board is invited to note this report.

Risks and mitigations	
Financial:	The OLC will consult on its new three year strategy, annual business plan and budget for 2017/18 and will need to demonstrate that it will have sufficient resources to deliver against their Plan. The OLC team can provide assurance that these initial numbers are sufficient to do this.
Legal:	N/A
Reputational:	2017/18 will be the first year of OLC's new three-year strategy and it needs to firmly draw a line under their previous issues (governance and performance) and demonstrate that they can operate efficiently and provide the service they have been set up to operate.
Resource:	N/A

Consultation	Yes	No	Who / why?
Board Members:		✓	
Consumer Panel:		✓	
Others:	N/A		

Freedom of Information Act 2000 (Fol)		
Para ref	Fol exemption and summary	Expires
Para's 6 and 7	Section 36(2)(b)(i): information likely to inhibit the free and frank provision of advice	
Annex A	Section 44: restricted information under s167 LSA which was obtained by the Board in the exercise of its functions and therefore must not be disclosed	

LEGAL SERVICES BOARD

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OLC: 2017/18 budget principles

Background

1. In accordance with the Legal Services Act 2007, schedule 15 para 23¹, before the start of each financial year the OLC must, adopt an annual budget, which has been approved by the Board. This decision will come to the Board in March 2017.
2. At this stage, and as in previous years, the OLC are sharing with the Board, their initial assumptions and the outcome of their internal planning in regards to their indicative budget.
3. The Board will be aware that the OLC now has two sources of funding: the legal jurisdiction is funded by a levy on approved regulators; the claims management company (CMC) jurisdiction is funded by the Ministry of Justice (MoJ), by means of grant-in-aid funding. The MoJ in turn recoups this funding via statutory fees charged to CMCs. Both jurisdictions also receive income from case fees. These two funding streams are clearly identified in the proposals and a methodology has been agreed between MoJ, LSB and OLC as regards apportionment of overheads between the two jurisdictions.
4. Despite the CMC jurisdiction funding being provided by MoJ, the Board is still required to approve the whole of the OLC budget.
5. In parallel, even though the Board will approve the OLC budget each March, the MoJ still need to provide *authority to spend* in the form of a budget delegation to the OLC's Accounting Officer. The 2017/18 budget for the CMC jurisdiction has already been the subject of discussion with MoJ as the fees to cover the costs of the LeO CMC jurisdiction are collected by the Claims Management Regulator under relevant Fees Regulations.

Points to note

6. [REDACTED]

¹

23 (1) The OLC must, before the start of each financial year, adopt an annual budget which has been approved by the Board.

(2) The OLC may, with the approval of the Board, vary the budget for a financial year at any time after its adoption.

(3) The annual budget must include an indication of—

(a) the distribution of resources deployed in the operation of the ombudsman scheme, and

(b) the amounts of income of the OLC arising or expected to arise from the operation of the scheme.

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Next steps

- 8. The Board has typically agreed acceptance criteria for the final OLC budget submission, developed by a sub-group of Board Members.