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# Tripartite Operating Protocol

Agreement between the Ministry of Justice, the Legal Services Board and the Office for Legal Complaints

January 2023

# Tripartite operating protocol between the OLC, MoJ and LSB

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## 1. Purpose of this document

The Legal Services Act 2007 (the Act) established the Legal Services Board (LSB) and the Office for Legal Complaints (OLC), which are Arm's Length Bodies (ALBs) sponsored by the Ministry of Justice (MoJ). This document describes the ways in which the three organisations will work together to discharge their respective responsibilities as regards the OLC. It sets out the key principles that will create the conditions for effective and proportionate governance (section 3). This enables all three organisations to discharge effectively their respective responsibilities, in ways that minimise the risks that might arise from gaps or overlaps and maximise the collective impact of each organisation in delivering the objectives of the Act. It also sets how relevant functions - as set out in the Act - will operate in practice across the three organisations (section 6), and explains how all three organisations work together to deliver specific activities. It recognises the policy and operational independence of LSB and OLC while setting out clearly the accountability relationships between the three organisations; and in doing so it acknowledges that there may be unforeseen circumstances that are not capable of falling clearly within the terms of this agreement.

## 2. Relationship to other documents

This protocol only covers areas of work which require the involvement of **all three organisations** or is relevant to **all three organisations**. Specific areas of work involving two of the organisations are picked up in either the relevant MoJ Framework Document or the Memorandum of Understanding (MoU) between the LSB and OLC.

Nothing in this tripartite protocol takes precedence over anything contained in the Act or Framework Documents. Nor does it deal with the discharge of the statutory functions of the Chief Ombudsman, a role in which the office holder is wholly independent of Government, the LSB and the OLC. Where these documents cover matters in the scope of this operating protocol, the Framework Document or MoU will be followed.

### 2.1. Framework Documents

The MoJ has Framework Documents with both the LSB and OLC. The Framework Documents are agreements between the MoJ and the LSB and OLC separately which set out how the MoJ will monitor and understand both respective organisation's strategy, performance and delivery.

### 2.2. Memorandum of Understanding

The LSB and OLC have an MoU which sets out how they will work together to facilitate constructive communication, co-operation and co-ordination as they carry out their respective statutory functions.

## 3. Governance principles underpinning this protocol

Good governance requires effective partnership between the MoJ and the independent ALBs it sponsors. This needs mutual recognition of the respective roles and responsibilities of each organisation alongside a recognition of the nature of their independence and accountabilities. Both OLC and LSB are levy funded and receive no exchequer funding. However, both operate within the Managing Public Money framework with delegated authority to spend public money from the Principal Accounting Officer of the MoJ.

Within this overarching framework, MoJ is likely to focus on governance and Managing Public Money; the LSB on its statutory oversight functions (including setting performance targets, considering and approving changes to scheme rules, considering and approving the OLC's budget and appointing the Chair and other OLC members); and the OLC on applying appropriate internal governance that supports effective delivery of its scheme and commands the confidence of the LSB and MoJ.

### 3.1. General governance principles

The general principles that underpin this agreement reflect the good practice in the way Departments and the ALBs they sponsor should relate, as set out in the [‘Arm’s length body sponsorship code of good practice’](#):

**Purpose:** the purpose, objectives and roles of each body are mutually understood; reviewed on a regular basis; and clearly set out in relevant documents. There is sufficient clarity about lines of accountability between the bodies to mitigate risks of misunderstanding about responsibilities and to avoid gaps or overlaps. In exercising statutory functions each body has clarity about how their purpose and objectives align with those of the other bodies.

**Assurance:** there will be a proportionate approach to assurance, based on each body’s purpose and a mutual understanding of risk. Robust governance arrangements will be in place, and the MoJ will recognise the ALB’s independence so that they can use their autonomy to deliver effectively. Management information exists to enable departments and ALBs to assess performance.

**Value:** each party will add value by sharing their skills and expertise to enhance the impact of each organisation. There will be a focus on innovation and how the bodies will work together to deliver value for money.

**Engagement:** governance will be characterised by a partnership approach where relationships are open, honest, constructive and based on trust. They will respect statutory roles as well as the day to day operating arrangements of each party. There is mutual understanding about each body’s purpose, objectives, statutory role and clear expectations about the terms of engagement.

### 3.2. Communication and cooperation

All three organisations are committed to the principle of good communication within the three-way relationship, especially where one organisation’s work may have some bearing upon the responsibilities of another.

The primary aim is to make sure there is effective contact and clear communication channels between all organisations to engender trust and confidence, reduce the likelihood of inappropriate handling of communications and moderate the risk of duplication of effort.

To support the general principle of good communication, the LSB, MoJ and OLC commit to:

- minimising the risk of inconsistent or conflicting messages within individual organisations or between more than one of them; and
- wherever appropriate, in the interests of efficiency, use three-way meetings to cover shared interests to prevent the need for separate meetings on the same matter; and
- ensure timely advance consultation and sharing of information including planned public announcements which might be considered to affect the interests of the other organisations.

### 3.3. Independence

Both the LSB and OLC are established by the Act and this protocol respects the independence of the LSB and OLC in discharging their statutory functions. The Act is clear on the LSB’s and OLC’s statutory functions, including those set out in this protocol. Those functions are to be exercised in accordance with the Act.

Both organisations are levy-funded and arm’s-length from the MoJ, which is their sponsoring department. As per the Act, neither OLC, LSB, nor its employees are to be regarded as:

- servants or agents of the Crown; nor
- enjoying any status, immunity or privilege of the Crown.

To protect the independence of the ombudsman scheme a fundamental point is that decisions and determinations made by an Ombudsman cannot be influenced, amended or overturned by any other organisation except by Judicial Review. In discharging the responsibilities set out in this protocol the independence of decisions made by an Ombudsman is paramount and must be secured.

#### **4. Interpretations, reviews and amendments of the protocol**

This protocol will need to evolve over time to reflect key changes in the external and legislative environment and also to address lessons learned and experience.

The three organisations will jointly resolve any questions regarding the interpretation of this document, subject to each organisation's interpretation of its own statutory functions.

The three organisations will commit to undertaking a joint review at regular three-year intervals. Outside such formal reviews, any of the three organisations may propose amendments to this document at any time in the light of evolving policy aims and operational factors. The organisation requiring the amendment will draft, in consultation with the other two organisations, any proposed changes. Any changes must be approved by all three organisations.

#### **5. Statutory functions**

The major statutory functions of each organisation, set out in the Act, appear below; it is not an exhaustive list of the statutory functions of any of the organisations. The various responsibilities and accountabilities are set out in more detail in subsequent sections.

##### **Office of Legal Complaints:**

*Responsible for:*

- administration of the Legal Ombudsman scheme.
- appointing a Chief Ombudsman (who may or may not be Chief Executive/Accounting Officer), setting their performance objectives and conducting their annual performance appraisal.

*Accountable to:*

- LSB for its administration of the Legal Ombudsman scheme.
- Parliament for its annual report and accounts.
- the Accounting Officer is separately accountable to the MoJ for the OLC's performance as an ALB, particularly in relation to Managing Public Money and delivering value for money as a statutory body.

##### **Legal Services Board:**

*Responsible for:*

- oversight of OLC, including:
  - appointing the OLC's Chair and members;
  - approving a budget;
  - approving modifications to the Legal Ombudsman's scheme rules;
  - setting performance targets.

*Accountable to:*

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- Parliament, through the Lord Chancellor<sup>1</sup>, for the performance of its statutory functions, including, for the purposes of this protocol, those which it has in relation to OLC.

### **Ministry of Justice:**

#### *Responsible for:*

- approving the OLC leviable amount and case fees.
- designating an Accounting Officer for the OLC.

#### *Accountable to:*

- Parliament (via Principal Accounting Officer) for the OLC's effective and efficient use of public money.
- Parliament (via the Lord Chancellor) for the performance by LSB of its statutory functions, including, for the purposes of the protocol, those which the LSB has in relation to OLC.

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<sup>1</sup> The LSB Accounting Officer is personally responsible to Parliament for safeguarding the public funds for which he or she has charge; for ensuring propriety, regularity, value for money and feasibility in the handling of those public funds.

## 6. Detailed notes on the practical operation of relevant activities

### 6.1. Appointments to the OLC Board

- The Act specifies that the **LSB** must appoint a Chair of the OLC with the approval of the Lord Chancellor.
- The **LSB** has a duty to appoint (and if necessary) remove the OLC Chair with approval from the Lord Chancellor.
- The **LSB** has a duty to appoint six to eight members of the OLC after consultation with the OLC Chair.
- The **LSB** and **MoJ** will act as promptly as possible to make appointments and re-appointments.
- The **LSB** has a power to remove a member of the OLC Board from office under certain specified conditions. The Chair of the OLC may only be removed from office with the consent of the Lord Chancellor and the LSB must consult the OLC Chair before removing any other member.
- The **LSB** has a duty to remunerate and reimburse expenses of the OLC Chair and members of the OLC Board.

	<b>OLC</b>	<b>LSB</b>	<b>MoJ</b>
Appointing OLC Chair		The <b>LSB</b> will consult the Lord Chancellor and the Justice Select Committee on the person specification and the process to be followed to identify candidates. Informally, the LSB will also seek the views of the OLC via the Chair of the OLC's Remuneration and Nomination Committee.	Lord Chancellor to approve appointment; MoJ officials to provide support liaising with Justice Select Committee.
Re-appointing OLC Chair	In discussion with the LSB Chair, the <b>OLC</b> Chair will give an early indication as to whether or not they wish to serve a second term of office.	Where there is a suitable case for reappointment and the OLC Chair is willing to serve a second term, the <b>LSB</b> will make a recommendation to the Lord Chancellor regarding a second term of appointment.	Lord Chancellor to approve reappointment or ask the LSB to produce proposals for recruitment.

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Appointing OLC members	The <b>OLC</b> Chair will be a member of the LSB's appointment panel for OLC members.	An <b>LSB</b> Board member will Chair the panel for the appointment of OLC members. <b>LSB</b> will work alongside the OLC Chair on the composition, skills and experience required for members of the OLC. The LSB Board will approve the appointment of OLC members on the recruiting panel's recommendation and will write to the Lord Chancellor with details for information only.	The MoJ will be kept informed by the LSB as set out.
Reappointing OLC members	In discussion with the LSB Chair, the <b>OLC Chair</b> will give an early indication as to whether or not they will make a recommendation to the LSB Board for members of the OLC to be reappointed.	The <b>LSB</b> will consider reappointments at the end of first terms of office and this consideration will be informed by the OLC's views on OLC board members' skills, experience and knowledge, and that these reflect not only its current jurisdiction, operating environment and challenges, but also any potential future risks and changes in focus that might require different skills. The LSB Board will approve the reappointment of OLC members and will write to the Lord Chancellor with details for information only.	
Removal of OLC Chair or members	The <b>OLC</b> Chair will advise the LSB Chair if they consider any member should be removed from office.	If the <b>LSB</b> considers that the OLC Chair or a member should be removed from office, it will consult the Lord Chancellor (for the OLC Chair) and the OLC Chair (for a member of the OLC).  As a matter of good practice, the <b>LSB</b> will keep MoJ officials informed at all stages of any appointment, reappointment or removal process.	Lord Chancellor to approve the removal of the OLC Chair.
OLC Chair appraisal		The <b>LSB</b> Chair will conduct the annual performance appraisal of the OLC Chair.	
OLC member appraisals	On an annual basis, the <b>OLC</b> Chair will appraise each OLC member and will provide each appraisal to the LSB.	The <b>LSB</b> board secretariat will keep copies of appraisal notes, to support future cases for reappointment.	
Payment of OLC members	The <b>OLC</b> Chair and members must comply with the LSB's relevant policies, including the expenses policy.	The <b>LSB</b> is required to remunerate and reimburse expenses for the OLC Chair and members. This includes travel and subsistence allowances.	



### 6.2. OLC corporate governance

- The **OLC** will follow the corporate governance code and generally accepted principles of good corporate governance as it is reasonable to regard as applicable to it.
- **OLC** Board members will observe the Seven Principles of Public Life and be bound by the LSB Complaints and Disciplinary Policy for Board Members.
- If at any point the **LSB** is concerned about the OLC’s performance of its statutory functions, it will inform the MoJ of the circumstances and any planned actions at either its quarterly meeting with the MoJ team or an ad hoc meeting if necessary. Usually, the LSB will first discuss the issues with the OLC. The OLC itself is expected to bring any breaches of good governance to the attention of the MoJ and LSB.

### 6.3. Appointments of key staff

	<b>OLC</b>	<b>LSB</b>	<b>MoJ</b>
Designating Accounting Officer			The <b>Principal Accounting Officer</b> of the MoJ is responsible for designating the appropriate person as the OLC’s Accounting Officer.
Appointing ombudsmen	The <b>OLC</b> will appoint a Chief Ombudsman and assistant ombudsmen (with the consent of the Chief Ombudsman).		

### 6.4. OLC performance

- LSB and MoJ functions relating to OLC’s performance will be proportionate and joined-up, and as far as possible link to the OLC’s own performance management framework. It should reflect the OLC’s strategy and business plan commitments and ensure measures reflect a balanced view of performance against strategic objectives.
- The format and frequency of meetings at which performance will be discussed is set out in more detail in **Annex A – Schedule of meetings**.

	<b>OLC</b>	<b>LSB</b>	<b>MoJ</b>
Performance target setting	The <b>OLC</b> will set KPIs for the Legal Ombudsman (unless directed under s.120/121 of the Act)	S.121 allows the <b>LSB</b> to set, or direct the OLC to set, one or more performance targets relating to the performance by the OLC of any of its functions.	

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	<p>If the LSB exercises its S. 121 power to set one or more performance targets for the OLC or to direct the OLC to set one or more performance targets relating to the performance by the OLC of any of its functions, the <b>LSB</b> and <b>OLC</b> must publish any of these targets.</p>	<p>The <b>LSB</b> will ensure that any s.121 targets set are clear and appropriate.</p>	
<p>Performance monitoring</p>	<p>The <b>OLC</b> will establish an internal performance management framework to track the extent to which it is delivering its strategy and business plan objectives. This will inform the work of its Management Team and performance discussions at each meeting of the OLC. All OLC Board papers, including performance reports, will be shared with the LSB in advance of meetings and made public (with appropriate redactions where necessary).</p>	<p>The <b>LSB</b> will monitor performance in exercising its oversight functions, including scrutiny of the OLC Board papers and the regular performance dataset, and in regular meetings with the OLC Chair (see Annex A) and LeO Executive.</p>	<p>The <b>MoJ</b> will hold regular Business Assurance Meetings with the OLC Accounting Officer at a frequency to be determined as part of the annual Impact and Support Assessment</p>
<p>Performance reporting</p>	<p>The OLC Chair will ensure that the LeO Executive Team works with the MoJ and the LSB in developing a regular performance reporting dataset and sharing monthly.</p> <p>Without prejudice to the LSB's statutory powers in relation to the performance, the OLC and the LSB will aim to agree a voluntary assurance regime which may include but not be limited to:</p> <ul style="list-style-type: none"> <li>• The monthly provision of a performance reporting dataset: The OLC Chair will ensure LeO Executive Team works with the MoJ and the LSB in developing the dataset which will be shared with all parties every month; the dataset will align</li> </ul>	<p>S120 allows the <b>LSB</b> to require the OLC to prepare and give the Board, within a specified period, a report in respect of any specified matter relating to the functions of the OLC, which it must publish.</p> <p>The <b>LSB</b> will ensure that any reporting requirements it sets are clear and appropriate.</p>	

	<p>with LeO's performance KPIs, including those metrics that are published.</p> <ul style="list-style-type: none"> <li>• A Voluntary Assurance Letter after each OLC Board meeting: The OLC Chair will send this to the LSB Chair, setting out the OLC Board's view on the current performance position and any significant areas of concern or action being taken; the LSB will publish these letters in line with its Publication Policy.</li> </ul>		
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6.5. Strategic and business planning

- **OLC, MoJ and LSB** will contribute constructively to each other's strategic planning in order to meet the good governance principles underpinning this protocol, both prior to publication of any consultation documents and during the formal consultation stages.

	<b>OLC</b>	<b>LSB</b>	<b>MoJ</b>
Strategy documents	<p>The <b>OLC</b> will consult the MoJ and LSB informally on its draft strategy, the issues to be included, the timetable for preparation and publication and the communications plans for formally consulting stakeholders.</p> <p>The <b>OLC</b> will submit to the MoJ and LSB a draft of its strategic plan.</p>		
Business planning documents	<p>The <b>OLC</b> will consult the MoJ and LSB informally on its corporate planning documents, the issues to be included, the timetable for preparation and publication and the communications plans for formally consulting stakeholders. The corporate and business plan contents will give effect to the OLC's statutory functions and, within those, its contribution to the strategic objectives of the MoJ.</p> <p>The business plan of the OLC will be the subject of formal consultation. Typically, <b>OLC</b> will initiate a stakeholder consultation on its business plan in November and publish its final business plan in April. OLC will ensure advance</p>		

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	<p>engagement with the MoJ and LSB prior to publication and will encourage the engagement of LSB and MoJ during the consultation on its plans.</p> <p>The <b>OLC</b> will submit to the MoJ and LSB a draft of its business plan.</p>		
OLC future activity planning			The <b>Lord Chancellor</b> or relevant Minister will formally meet the Chair (Chief Ombudsman/Accounting Officer may also be required to attend) as required.
OLC operation and risk assessment	<p>The Chairs of the <b>OLC</b> and <b>LSB</b> Audit and Risk Assurance Committees may meet to discuss common risks.</p>		<p>The <b>MoJ</b> will carry out an annual Impact and Support Analysis to monitor the status of the OLC in terms of the appropriate oversight, as required by the ALB Centre of Expertise. The outcomes of this will be shared with the OLC and LSB.</p> <p>The <b>MoJ</b> will carry out a formal review of the Framework Documents in consultation with the OLC and in discussion with the LSB, every three years.</p>
	The <b>OLC</b> and <b>LSB</b> will meet with the <b>MoJ</b> at least once during the three-year lifecycle of this document to review the operation of the arrangements set out in this protocol.		
Winding up of the OLC			In the event the OLC is wound up, the <b>MoJ</b> will put in place arrangements to ensure the orderly winding up of the OLC, which will require primary legislation.

### 6.6. OLC Annual Report and Accounts

- S.118 of the Act requires the OLC to prepare an Annual Report for each financial year, which must include an annual report prepared by the Chief Ombudsman on the impact (or effectiveness) of the Legal Ombudsman Scheme, and to give that Annual Report to the LSB. The LSB must then give that report to the Lord Chancellor who in turn must lay before Parliament. The report must deal with any matters as the LSB may from time to time direct. In practice, the OLC will provide the copies directly to the Lord Chancellor and to the Comptroller and Auditor General (C&AG), setting out that it is doing so on behalf of the LSB, and copying in the LSB.
- Schedule 15, paragraph 26 of the Act requires the OLC to keep proper accounts in accordance with directions given by the Lord Chancellor with the agreement of the Treasury. The OLC must present its statement of accounts to the LSB each year who must provide them to the Lord Chancellor and C&AG. These are in turn laid before Parliament. In practice, the OLC will provide the copies directly to the Lord Chancellor and to the C&AG on behalf of the LSB, copying in the LSB.
- The accounts are prepared in line with the requirements of the Financial Reporting Manual (FR&M) and other directions or requirements set down by the Lord Chancellor

	<b>OLC</b>	<b>LSB</b>	<b>MoJ</b>
Preparing annual report and accounts	<p>The <b>OLC</b> will prepare an Annual Report and statement of accounts for each financial year and pass to the LSB, which deals with:</p> <ul style="list-style-type: none"> <li>a) the discharge of the functions of the OLC, including those of the Board and of the Accounting Officer;</li> <li>b) the extent to which, in the OLC’s opinion, it has met the regulatory objectives; and</li> </ul> <p>such other matters as the LSB may from time to time direct.</p> <p>The draft Annual Report and statement of accounts will be considered by the <b>OLC</b> Audit and Risk Assurance Committee and are approved by the OLC Board.</p> <p>The <b>OLC</b> will share a copy of each statement of accounts with the LSB before it is laid before Parliament and will give a copy of the statements to the LSB before the end of the month of August following the financial year to which the statement relates. In practice, sharing the draft can be done either by correspondence or at a formal LSB Board meeting. The approach will depend on the timetable in each year. Both the OLC and LSB will be flexible and pragmatic as to how this is handled, and will discuss and agree the</p>	<p>The <b>LSB</b> is formally required to provide the statements of accounts for the previous financial year to the Lord Chancellor and C&amp;AG before the end of August in each financial year under s. 118(5) of the Act. In practice, the OLC</p>	

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	<p>approach in advance, with a clear project plan and timetable agreed no later than the end of April in each year.</p> <p>If the timetable will not allow the draft accounts to be discussed at a formal meeting of the LSB Board, a well-developed draft can be shared with the LSB by correspondence in sufficient time to accommodate discussion before the final accounts are published with the annual report. This would leave substantive discussion of the accounts for a meeting of the LSB Board after publication, as required.</p> <p>The <b>OLC</b> will provide both draft and final versions of the OLC's accounts to the MoJ Corporate Finance team in charge of preparing the Department's Annual Report and Accounts in accordance with the MoJ Corporate Finance team's accounts production timetable.</p> <p>The <b>OLC</b> will give a copy of the statement of accounts to the C&amp;AG.</p>	<p>will provide the copies directly to the Lord Chancellor and to the C&amp;AG, stating it is doing so on behalf of the LSB, copying in the LSB.</p>	
<p>Laying annual report and accounts in Parliament</p>			<p>The <b>MoJ</b> will pass the Annual Report to the Lord Chancellor.</p> <p>The <b>MoJ</b> will lay the OLC's annual report and accounts before parliament (para 26 of Schedule 15 and s. 118 of the Act) as promptly as possible.</p>

6.7. The OLC's annual budget

- Schedule 15, para 23 (1) of the Act requires the OLC, before the start of each financial year, to adopt an annual budget which has been approved by the LSB, covering all of the OLC's expenditure. The OLC may, with the approval of the LSB, vary the budget for a financial year at any time after its adoption. 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.
- Annually, the LSB will set acceptance criteria for the budget and will provide these to the OLC in draft form before the OLC presents its first budget paper to the LSB. The LSB may revise the criteria following this initial presentation.
- The Act requires the Lord Chancellor to approve the leviable amount, which covers the majority of the OLC's budget, as well as any changes to case fees. The Lord Chancellor also approves any amount given as grant in aid. The LSB and the MoJ will engage with each other effectively on the budget requirements for both of the OLC's budget elements:

Legal jurisdiction (revenue)	OLC's legal jurisdiction is funded by the levy on the approved regulators and case fees charged.
Capital	OLC must bid to the MoJ for capital funding, which it receives directly from the Treasury (revenue costs of capital expenditure are met by the depreciation charges in the revenue budgets which are funded by levy and the Lord Chancellor's fee).

- The Principal Accounting Officer in the MoJ is accountable to Parliament for any grant-in-aid or other public funds given to the OLC and is also responsible for advising the Lord Chancellor on:
  - the conditions under which any public grant funds are paid to the OLC;
  - how the OLC's objectives and targets fit with and contribute to the aims and requirements of the Act;
  - an appropriate budget for the OLC;
  - approval of leviable amounts and fees;
  - paying the OLC such sums, through grant-in-aid, grant, or other funds as he/she deems appropriate for meeting the OLC's expenditure and securing Parliamentary approval; and
  - the efficiency and effectiveness of the OLC's delivery, and the adequacy of its governance and controls mechanisms.
- The process of agreeing the annual budget needs to allow appropriate discussion, scrutiny and challenge in the correct sequence, while enabling the OLC to operate with sufficient clarity to allow effective planning and service delivery. The OLC also runs a formal external consultation on its annual budget and business plan.
- The agreed process for agreeing the budget will need to mitigate the following risks which could arise if there are delays in approving the budget:
  - negative impact on business continuity and operational delivery of the scheme;
  - irregular expenditure if timely Parliamentary authority is not provided; and
  - efficient business planning and management decisions about resources and service delivery.

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- LSB’s responsibility is to assess the OLC’s budget considering the budget acceptance criteria (which are likely to include value for money measures), taking account of the impact on levy payers. MoJ’s responsibility is to assess the OLC’s budget considering managing public money and delivering value for money as a statutory body. Given these different responsibilities, there is a risk that MoJ or LSB might approve the OLC budget but the other did not. In such an event, MoJ and LSB commit to communicating with each other so that, in fulfilling their respective functions, the OLC is able to operate efficiently and effectively and maintain continuity of service.

	<b>OLC</b>	<b>LSB</b>	<b>MoJ</b>
Budget approval  (See Annex B for the detail)	<p>The <b>OLC</b> presents a paper to the LSB November Board meeting in line with the draft acceptance criteria including an indication of the revenue and capital budgets, key assumptions and risks.</p> <p>The <b>OLC</b> Chair and OLC Accounting Officer take part in a discussion on the budget principles at an LSB Board meeting before the draft OLC budget is published for consultation.</p> <p>In November the <b>OLC</b> runs a formal external consultation on its budget and business plan for the following financial year, either as a separate consultation or as part of a consultation on strategy.</p> <p>In December the <b>OLC</b> submits its medium-term financial plan (MTFP), including the following year’s budget, to MoJ’s requirements; the MTFP will reflect the budget principles presented to the LSB.</p> <p>In January the <b>OLC</b> Board discusses and agrees its final budget proposal for the following financial year taking account of the consultation responses.</p>	<p>In August, the <b>LSB</b> will provide the OLC with a copy of its draft acceptance criteria for the budget</p> <p>Following the Board’s discussion, the <b>LSB</b> will finalise the acceptance criteria and send these to the OLC.</p>	
		<p><b>LSB</b> and <b>MoJ</b> provide any further comment or feedback to the OLC during the consultation period.</p>	



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	In advance of the LSB's March Board meeting, the <b>OLC</b> presents a paper on its final budget proposal requesting LSB Board approval; in the interests of business efficiency, the significant earlier dialogue and engagement should facilitate approval of the budget at this stage.	If content, the <b>LSB</b> Board will approve the budget and confirm this to OLC in a decision letter by the end of March.	Before the end of March, <b>MoJ</b> confirms the OLC's revenue and capital budget for the following financial year, and Lord Chancellor agrees the levy can be charged for the amount of the budget.
Varying the budget in-year	<p>The <b>OLC</b> will discuss and agree the need for the change, and the value of the change.</p> <p>The <b>LSB and OLC</b> will agree an appropriate process with the LSB to satisfy the LSB's requirements on budget setting.</p>	The <b>LSB</b> Board will make a decision, which may be made by correspondence, and confirm this to OLC in a decision letter.	<p><b>MoJ</b> is sighted on LSB and OLC discussions on in-year budget variation.</p> <p>Once LSB has agreed a change, the <b>Lord Chancellor's</b> agreement is sought for the new leviable amount. <b>MoJ</b> makes the necessary changes to OLC budgets in the next in-year Budget Version period (BV2 or BV3) and re-issues the required Budget Delegation letter with amendments.</p>
Financial reporting	The <b>OLC</b> will provide monthly financial reports to the MoJ.		

6.8. Modification of scheme rules

- Section 155 of the Act requires the OLC to obtain the consent of the LSB to make or modify its scheme rules. The consent of the Lord Chancellor is also required to any rules relating to charges payable by respondents. Section 136 sets out that the rules may, among other things:
  - a) provide for the OLC to reduce or waive a charge in such other circumstances as may be specified;
  - b) set different charges for different stages of the proceedings on a complaint;
  - c) provide for charges to be wholly or partly refunded in such other circumstances as may be specified; or
  - d) provide that if the whole or any part of a charge is not paid by the time by which it is required to be paid under the rules, the unpaid balance from time to time carries interest at the rate specified in, or determined in accordance with, the rules.
- If the OLC is considering changes in the scheme rules relating to charges, it will discuss these with the LSB and MoJ and agree the approval process and timetable. In line with the MoU between the OLC and LSB, if either organisation is considering seeking any changes to the scheme rules, they will actively consult and seek to involve the other in that decision at the earliest possible point.
- Section 156 of the Act allows the LSB to direct the OLC to modify its scheme rules, providing certain notification requirements are complied with.

	<b>OLC</b>	<b>LSB</b>	<b>MoJ</b>
Changing scheme rules	The <b>OLC</b> will request and obtain the consent of the LSB to any changes in its scheme rules.	<p>The <b>LSB</b> must respond to requests for consent to changes to the OLC’s scheme rules.</p> <p><b>LSB</b> may direct the OLC to modify its scheme rules by following the procedures outlined under section 156 (2).</p>	The <b>Lord Chancellor</b> must consider and take a decision on whether to provide consent for specific changes to rules under section 136 – charges payable by respondents (after the LSB has also consented). A letter will be issued by the <b>Lord Chancellor</b> setting out their decision and reasons for this decision.
Changes in case fee structure	The <b>OLC</b> must seek the consent of the LSB and Lord Chancellor to the case fee structure payable by complaint respondents as outlined under section 155 (1)(b).		

**Annex A – Schedule of meetings**

Meeting	Who			Purpose
	OLC	LSB	MoJ	
<b>Annual</b>				
MoJ responsible Minister and OLC Chair/OLC Accounting Officer	X		X	Annual review of OLC and LeO performance and issues of interest
Board to Board	X	X		Strategic focus to discuss issues of mutual interest, relationship management
<b>Bi-annual</b>				
*Chairs, Board Leads, LSB CEO, Chief Ombudsman (6-way)	X	X		High level assurance and oversight on performance, discussion of live issues
LSB/MoJ Business Assurance Meetings (LeO performance discussions)		X	X	Assurance of LSB's statutory functions relating to oversight of LeO scheme
<b>Six per year</b>				
OLC Accounting Officer and Deputy Director - ALB CoE	X		X	Opportunity for one to one engagement with head of partnership function to discuss areas of common interest
<b>Quarterly</b>				
Chair to Chair	X	X		Appraisal of OLC Chair, discussion of live issues
*OLC Accounting Officer /MoJ Business Assurance meetings (LeO performance discussions)	X	X	X	To discuss areas to assure Permanent Secretary on the OLC's level of risk and use of resources
LSB CEO to Chief Ombudsman/OLC Accounting Officer	X	X		Routine 1to1s covering all aspects of LSB oversight
<b>Ad hoc</b>				
ARAC Chairs	X	X		To better understand the risks and mitigations that OLC is undertaking with respect to LeO, relationship management

\*to be coordinated on the same day if possible, establishing a quarterly assurance meeting schedule where the MoJ and LSB can receive assurance collectively and individually from the OLC and LeO.

*bi-lateral meetings also included for information*

Annex B – Annual business planning and budget cycle

