

# Office for Legal Complaints

Inflationary adjustment to the  
OLC's 2017-18 resources



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# 1 Purpose

Schedule 15 section 23 (1) of the Legal Services Act requires the OLC to adopt an annual budget which has been approved by the Legal Services Board (LSB). The LSB approved the final 2017-18 budget on 23 March 2017, which comprised £14.6m (£11.6m legal and £3.0m CMC) and £0.489m capital.

Consistent with the arrangements set out in the tripartite operating protocol, this paper requests LSB approval of changes to the OLC's resources for 2017-18 in line with the inflationary adjustment applied and agreed by the MoJ.

# 2 Revenue

When we submitted our budget proposals to the LSB, these aligned with the Ministry of Justice's (MoJ) requirement for our figures to be stated net of inflation. The budget approved by the LSB reflected the figures in our medium-term financial plan.

Like other ALBs, we had not expected the MoJ to increase our budget for the 1% pay bill inflator and the apprenticeship levy. These inflationary uplifts increased the revenue budget from £14.6m to £14.845m.

Following a meeting between our respective Chief Executives, the MoJ confirmed that it was content to authorise budget cover including the inflationary uplifts (Appendix 1).

Accessing the additional resource is important for a number of reasons:

- to manage higher than forecast case volumes in the legal jurisdiction so far this year;
- IT costs are forecast to be higher than budgeted because of unavoidable one-off costs essential to realising the benefits of the robust IT infrastructure we have created; and

- [REDACTED]

The OLC currently has deferred levy on its balance sheet with a value of £0.28m, which is greater than the additional budget cover required. On that basis, we concluded that it would be both unnecessary and potentially confusing to consult stakeholders about such a minor change in our resources.

# 3 Capital

[REDACTED]

  
  


## 4 Approval

The LSB is asked to approve revenue budget cover of £14.845m (£11.802m legal, £3.043m CMC) to reflect the inflationary uplifts applied by the MoJ.

# Appendix 1 – Letter from the MoJ to the CEOs of the LSB and Legal Ombudsman



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Dear Nick and Neil

Following our meeting on 6 July, 2017, I agreed to write to confirm that the MoJ, as the sponsoring Department, is content to authorise budget cover for the Office for Legal Complaints of £15.334m (includes CMC £3.043m and £0.489m Capital), this will be detailed in your upcoming BV0a letter.

This figure consists of the numbers provided by the OLC in its initial MTFP return to MoJ, but also includes:

- The agreed HMT GDP inflator for Paybill (1%); plus
- £0.050m uplift for the OLC and CMC Apprenticeship Levy

I hope that this will assist the process of budget approval by the Legal Services Board.



Deputy Director

Head of ALB Division *(incorporating Claims Management Regulation and Project Race)*

Ministry of Justice