

To:	Legal Services Board		
Date of Meeting:	29 November 2018	Item:	Paper (18) 66

Title:	OLC 2019/20 budget principles		
Workstream(s):	Performance, evaluation and oversight		
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Status:	Official		

Summary:

The paper invites the Board to comment on the OLC's draft budget principles as they develop their indicative budget for 2019/20. The Board will be asked to approve the OLC's final budget at its March 2019 meeting.

OLC colleagues will not be in attendance.

A paper provided by the OLC, at Annex A, sets out the strategic, financial and performance context, high-level revenue and capital budgets, key risks and assumptions. It addresses the LSB's draft acceptance criteria, which we provided to the OLC in September following input from the Chair and Board lead.

[Redacted content]

Annexes

- Annex A: LSB's draft budget acceptance criteria
- Annex B: OLC's draft budget principles paper for LSB

Recommendation(s):

The Board is invited:

- (1) to comment on the OLC's draft budget principles paper and identify any initial issues or concerns with the information presented, that we might want further assurance on
- (2) to agree that the Chair, Board lead for OLC matters and CEO agree the final budget acceptance criteria in light of the Board discussion.

Risks and mitigations

Financial:	The OLC will consult on its new business plan and budget for 2019/20 and will need to demonstrate that it will have sufficient resources to deliver against their Plan.
Legal:	N/A
Reputational:	The OLC's new business plan and budget needs to 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:	X		The Chair and Marina Gibbs were consulted before the draft acceptance criteria were sent to the OLC.
Consumer Panel:		X	
Others:	None		

Freedom of Information Act 2000 (Fol)

Para ref	Fol exemption and summary	Expires
Summary box, paras 3-5 Para 4, 7-12 Annex B	S36(2)(b)(i): information likely to inhibit the free and frank provision of advice	
Annex A	S22: information intended for future publication	
Annex B	S36(2)(c): information likely to inhibit the free and frank provision of advice	

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OLC 2019/20 draft budget principles

Background / context

1. In accordance with the Legal Services Act 2007, schedule 15 para 23, 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 2019.
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. The OLC's paper is produced for the Board, but high-level information on budget will be included in their business plan public consultation.
3. The Board will be aware that the OLC 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. However, the Board is required to approve the whole of the OLC budget, including in relation to the CMC jurisdiction.
4. [REDACTED]

Draft budget acceptance criteria

5. Under the terms of the LSB-OLC-MoJ tripartite operating protocol, we sent draft budget acceptance criteria to the OLC on 19 September. As allowed for in the tripartite protocol, these draft criteria may be subject to change following the LSB's November Board meeting.
6. The draft criteria (attached at **Annex B**) are largely similar to those used in previous years. An additional point on case fees (6b) follows from the Board's discussion of the OLC's final budget application in March 2018.

7. [Redacted text block]

Points to note

8. [Redacted text block]

9. [Redacted text block]

10. [Redacted text block]

- [Redacted bullet point]

11. [Redacted text block]

[Redacted text block]

[Redacted]

- 12. [Redacted]

Next steps

- 13. Following the November Board meeting, acceptance criteria for the final OLC budget submission are typically agreed. It is proposed that the Chair, the Board OLC lead (Marina Gibbs) and the Chief Executive approve these final criteria.
- 14. The OLC anticipates running a formal external consultation on its 2019/20 budget and business plan in December and January. The LSB can provide further comment and feedback to the OLC during the consultation period.
- 15. The Board will be asked to approve the OLC's final budget at its meeting in March 2019.