

OFFICIAL



Tripartite Operating Protocol

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

October 2020

Signed: 

Date: 09 October 2020

**Alison Wedge, Deputy Director, Head of ALB Centre of Expertise,
Ministry of Justice**

Signed: 

Date: 9 October 2020

Matthew Hill, Chief Executive, Legal Services Board

Signed: 

Date: 8 October 2020

Elisabeth Davies, Chair – Office for Legal Complaints

Tripartite operating protocol between the OLC, MoJ and LSB

Contents

1. Purpose of this document.....	1
2. Relationship to other documents	1
2.1. Framework Documents	1
2.2. Memorandum of Understanding	1
3. Governance principles underpinning this protocol	1
3.1. General governance principles.....	1
3.2. Communication and cooperation.....	2
3.3. Independence	2
4. Interpretations, reviews and amendments of the protocol.....	3
5. Accountabilities	3
6. Detailed notes on the practical operation of relevant activities.....	4
6.1. Appointments to the OLC Board.....	4
6.2. OLC corporate governance	5
6.3. Appointments of key staff	5
6.4. OLC performance.....	6
6.5. Strategic and business planning.....	7
6.6. OLC Annual Report and Accounts.....	9
6.7. The OLC's annual budget	11
6.8. Day-to-day financial oversight and compliance with Managing Public Money.....	14
6.9. Modification of scheme rules	14
Annex A – Schedule of meetings.....	16

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 Arms' Length Bodies (ALBs) of the Ministry of Justice (MoJ). This document describes the ways in which the three bodies 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 bodies 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 body 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 bodies (section 6), and explains how all three bodies work together to deliver specific activities. It seeks to recognise the policy and operational independence of LSB and OLC while setting out clearly the accountability relationships between the three parties; 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 Legal Services Act 2007 (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 agreement or Memorandum of Understanding 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 roles.

3. Governance principles underpinning this protocol

Good governance requires effective partnership between the MoJ and its independent ALBs. This needs mutual recognition of the respective roles and responsibilities of each body alongside a recognition of the nature of their independence and accountabilities. Both the OLC and LSB derive their functions from the Act and must 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; and the OLC will apply 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 their ALBs should relate, as set out in *Partnerships between Departments and Arm's-Length Bodies: 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 absolute 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 arm's-length bodies 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 regular 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 possible, 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
- wherever possible, ensure timely advance consultation and sharing of information including planned public announcements which might be considered to affect the interests of the other parties.

3.3. Independence

This protocol respects the independence of the LSB and OLC in discharging their statutory duties. The MoJ has established both organisations as executive Non-Departmental Public Bodies which are not to be regarded as:

- servants or agents of the Crown; or
- 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 body except by Judicial Review. In discharging the responsibilities set out in this protocol the independence of decisions made by an Ombudsman must be protected from any influence by any of the parties.

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. It will be a dynamic and living document.

The three organisations will jointly resolve any questions regarding the interpretation of this document. As of the current revision, there is an increased focus on performance monitoring of the Legal Ombudsman scheme. It is anticipated that this document will be reviewed at the end of March 2021 to identify any opportunities to streamline performance reporting and monitoring processes. Additionally, it will be jointly reviewed 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. Accountabilities

The major accountabilities of each organisation appear below.

Office of Legal Complaints:

- accountable to MoJ for its oversight of the Legal Ombudsman scheme
- must appoint a Chief Ombudsman (who may or may not be Chief Executive/Accounting Officer), setting their performance objectives and conducting annual performance appraisals;
- accountable to the LSB for its administration of the Legal Ombudsman scheme;
- accountable to 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:

- accountable to the Lord Chancellor for the performance of its statutory duties, including those which it has in relation to OLC.
- accountable to Parliament (via the Minister) for appointing an OLC Chair and Board members, and for oversight of the OLC Board's performance in delivering their statutory functions;
- accountable (via its Accounting Officer) to MoJ and ultimately Parliament for its use of public money; and
- responsible for approving OLC's budget.

Ministry of Justice:

- accountable (via Principal Accounting Officer) to Parliament for the OLC's effective and efficient use of public money;
- designating an Accounting Officer for the OLC;
- responsible for approving the LSB and OLC leviable amount and case fees; and
- the Lord Chancellor is accountable to Parliament for the performance by LSB of its statutory duties, including those which the LSB has in relation to OLC.

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, and six to eight members after consultation with the OLC Chair.
- 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** 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 the OLC Chair and members of the OLC Board.

	OLC	LSB	MoJ
Appointing OLC Chair		The LSB 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.	
Appointing OLC members	The OLC Chair will be a member of the LSB's appointment panel for OLC members.	The LSB will consult the OLC Chair on the composition, skills and experience required for members of the OLC.	
Reappointing OLC members		The LSB 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.	
Removal of OLC members		If the LSB 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 LSB will keep MoJ officials informed at all stages of any appointment, reappointment or removal process.	

OFFICIAL

OLC Chair appraisal		The LSB Chair will conduct the annual performance appraisal of the OLC Chair	
OLC member appraisals	On an annual basis, the OLC Chair will appraise each OLC member and will provide each appraisal to the LSB.		
Payment of OLC members		The LSB is required to pay the OLC Chair and members. This includes travel and subsistence allowances, and OLC members must comply with the LSB's expenses policy.	

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

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

6.4. OLC performance

- LSB and MoJ oversight of OLC’s performance will be proportionate and joined-up, and as far as possible link to the OLC’s own performance management framework. Crucially, it should reflect the OLC’s strategy and direction and ensure measures reflect a balanced view of performance against strategic objectives.
- The format and regularity of meetings at which performance will be discussed is set out in more detail in **Annex A – Schedule of meetings**.
- The OLC is answerable to the LSB for its performance in delivering its statutory functions and also to Parliament to which it presents 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

	OLC	LSB	MoJ
Performance target setting	The OLC will set KPIs for the Legal Ombudsman (unless directed under s.120/121)	S.121 allows the LSB 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.	
	If the LSB exercises its Section 121 right 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 LSB and OLC must publish any of these targets.		
		The LSB will ensure that any s.121 targets set are clear and appropriate.	
Performance monitoring	The OLC 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.	The LSB will monitor performance in a range of ways, including scrutiny of the OLC Board papers and the commonly agreed dataset, and in regular meetings with the OLC (see Annex A)	The MoJ will hold regular Business Assurance Meetings with the OLC Chair and the Accounting Officer at a frequency to be determined as part of the annual Impact and Support Assessment

<p>Performance reporting</p>	<p>The OLC Chair will ensure that the LeO Executive Team work with the MoJ and the LSB in developing a commonly agreed dataset and sharing monthly.</p> <p>The OLC and the LSB will agree a voluntary assurance regime which may include but not be limited to:</p> <ul style="list-style-type: none"> • The monthly exchange of a commonly agreed dataset: The OLC Chair will ensure LeO Executive Team work with the MoJ and the LSB in developing the dataset which will be shared with all parties every month; the dataset will align with LeO's performance KPIs, including those metrics that are published. • 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. • An invitation to attend OLC Board meetings as observers: This will be extended to both LSB and MoJ representatives. 	<p>S120 allows the LSB 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 LSB will ensure that any reporting requirements set are clear and appropriate.</p>	
------------------------------	---	--	--

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.

	<p>OLC</p>	<p>LSB</p>	<p>MoJ</p>
--	-------------------	-------------------	-------------------

OFFICIAL

<p>Strategic and business planning documents</p>	<p>The OLC will consult the MoJ and LSB informally on its draft strategy and 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 reflect the OLC’s statutory duties 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, OLC will initiate a stakeholder consultation on its strategy and business plan in November and publish its final strategy and business plan in April. OLC will ensure advance 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 OLC will submit annually to the MoJ and LSB a draft of its business and strategic plan (covering one year for the business plan and three years ahead for the strategy).</p>		
<p>OLC future activity planning</p>			<p>The Lord Chancellor or relevant Minister will formally meet the Chair (Chief Ombudsman/Accounting Officer may also be required to attend) as per the meeting schedule at Annex A.</p>
<p>OLC operation and risk assessment</p>	<p>The Chairs of the OLC and LSB Audit and Risk Assurance Committees may meet to discuss common risks</p>		<p>The MoJ will carry out an annual risk analysis to monitor the status of the OLC in terms of the appropriate oversight, as required by the MoJ Arms’ Length Body Governance Division.</p> <p>The MoJ will carry out a formal review of the Framework Document in consultation with the OLC and LSB, every three years.</p>

OFFICIAL

	The OLC and LSB Chairs will meet annually with the relevant MoJ team 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 MoJ 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

- S118 of the Legal Services 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 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.
- Schedule 15, paragraph 26 of the Legal Services 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 Comptroller and Auditor General. These are in turn laid before Parliament.
- The accounts are prepared in line with the requirements of the Financial Reporting Manual (FRoM) and other directions or requirements set down by the Lord Chancellor

	OLC	LSB	MoJ
Preparing annual report and accounts	<p>The OLC 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"> a) the discharge of the functions of the OLC; b) the extent to which, in the OLC’s opinion, it has met the regulatory objectives; and <p>such other matters as the Legal Services Board may from time to time direct.</p> <p>The draft annual report accounts will be considered by the OLC Audit and Risk Assurance Committee, and are approved by the OLC Board.</p> <p>The OLC 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</p>	<p>The LSB is formally required to provide the statements of accounts for</p>	

OFFICIAL

	<p>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 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 OLC 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 OLC will give a copy of the statement of accounts to the Comptroller and Auditor General</p>	<p>the previous financial year to the Lord Chancellor and C&AG before the end of August in each financial year. In practice, the OLC will provide the copies directly to the Lord Chancellor and to the Comptroller and Auditor General (C&AG) on behalf of the LSB, copying in the LSB.</p>	
<p>Laying annual report and accounts in Parliament</p>			<p>The MoJ will pass the Annual Report to the Lord Chancellor.</p> <p>The MoJ will lay the OLC's annual report and accounts before parliament (para 26 of Schedule 15 and section 118 of the Act).</p>

6.7. The OLC's annual budget

- Schedule 15, para 23 (1) of the Legal Services Act requires the OLC, before the start of each financial year, to adopt an annual budget which has been approved by the Legal Services Board, 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 Secretary of State to approve the leviable amount, which covers the majority of the OLC's budget, as well as any changes to case fees. The Secretary of State also approves any amount given as grant in aid. The LSB will therefore engage with the MoJ 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.
- Crucially, 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.

OFFICIAL

- There is a risk that MoJ or LSB might approve the OLC budget but the other did not. MoJ and LSB commit to communicating with each other so that the OLC is able to operate efficiently and effectively and maintain continuity of service.

	OLC	LSB	MoJ
Budget approval	<p>At least three weeks in advance of the LSB’s November Board meeting, the OLC presents a paper to the LSB in line with the draft acceptance criteria including an indication of the revenue and capital budgets, key assumptions and risks;</p> <p>In November, the OLC Chair and senior executives 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 December the OLC 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 November the OLC 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 January the OLC Board discusses and agrees its final budget proposal for the following financial year taking account of the consultation responses.</p>	<p>In August, the LSB will provide the OLC with a copy of its draft acceptance criteria for the budget</p> <p>Following this discussion, the LSB will finalise the acceptance criteria and send these to the OLC.</p> <p>LSB and MoJ provide any further comment or feedback to the OLC during the consultation period.</p>	

OFFICIAL

	At least three weeks in advance of the LSB's March Board meeting, the OLC 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	The LSB Board will set the budget and confirm this to OLC in a decision letter by the end of March	Before the end of March, MoJ 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 OLC will discuss and agree the need for the change, and the value of the change.</p> <p>The LSB and OLC will agree an appropriate process with the LSB to satisfy the LSB's requirements on budget setting.</p>	The LSB Board will make a decision, which may be made by correspondence, and confirm this to OLC in a decision letter.	
Financial reporting	The OLC will provide monthly financial reports to the MoJ.		

6.8. Day-to-day financial oversight and compliance with Managing Public Money

- The Accounting Officer of the OLC is responsible for managing the organisation’s resources in accordance with the rules of Managing Public Money as well as the rules of the levy as set out in the Act.
- In its role as sponsoring department, the MoJ is accountable for the OLC’s use of public money. The MoJ use the following mechanisms to assure themselves of the OLC’s effective financial management:
 - using the Managing Public Money protocol to assure MoJ that proposed expenditure is proper and regular;
 - securing Parliamentary authority for the use of public funds before each year’s expenditure can take place through budget cover in the collectively agreed multi-year budgets and ensuring adequate Treasury consent for planned expenditure; and
 - Parliamentary authorisation for each year’s drawdown of funds through an estimate, which is presented to Parliament for the department’s annual budget (consolidating its ALBs) are within the statutory powers and within the government’s expenditure plans.
- The MoJ will support OLC’s Accounting Officer in discharging these accountabilities by:
 - ensuring that OLC is kept up-to-date on the relevant departmental processes, policies and changes that affect them such as the emergency spending controls i.e via ALB bulletins;
 - issuing BV letters confirming delegated budgets, and ensuring that OLC adhere to the financial transaction limits; and
 - as part of the delegation process for each financial year, providing an updated delegation scheme specifically setting out what the OLC can spend/commit to without requiring approval.

6.9. Modification of scheme rules

- Section 155 of the Act requires the OLC to obtain the consent of the LSB to 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 MoJ and agree the approval process and timetable. In line with the MoJ between the OLC and LSB, if either party 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.

	OLC	LSB	MoJ
Changing scheme rules	The OLC will request and obtain the consent of the LSB to any changes in its scheme rules.	The LSB must respond to	

OFFICIAL

		<p>requests for consent to changes to the OLC's scheme rules.</p> <p>LSB may direct the OLC to modify its scheme rules by following the procedures outlined under section 156 (2).</p>	<p>The Lord Chancellor 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).</p>
Changes in case fee structure	The OLC 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	
Annual				
MoJ responsible Minister and OLC Chair	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
Bi-annual				
*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
Six per year				
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
Quarterly				
Chair to Chair	X	X		Appraisal of OLC Chair, discussion of live issues
*OLC/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	X	X		Routine 1to1s covering all aspects of LSB oversight
Ad hoc				
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