

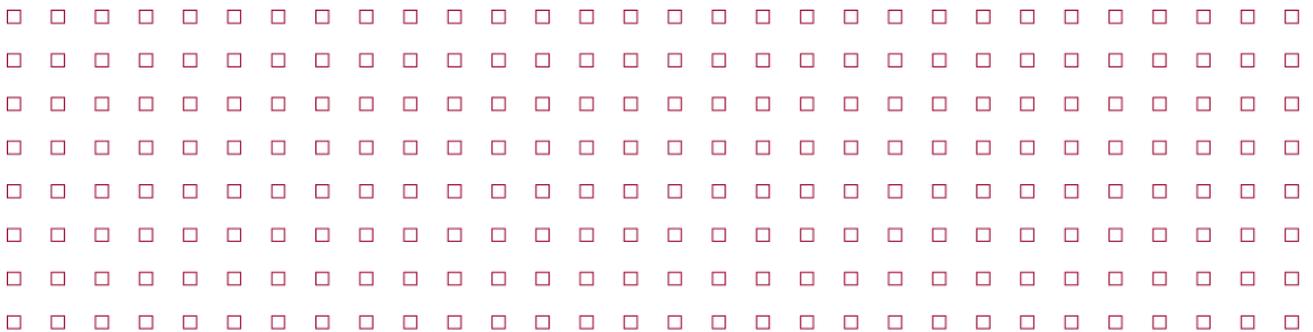


Ministry  
of Justice

# Framework Document

## Agreement between the Ministry of Justice and the Legal Services Board

December 2017



[leave this page blank – back of cover]

## Contents

Introduction	3
Overview of the governance relationship between the Legal Services Board and Ministry of Justice	5
Governance and accountability	8
Management and financial responsibilities	16
<b>LIST OF ANNEXES</b>	<b>27</b>
Annex A – The operation of the levy in respect of legal services and surrendering income to the consolidated fund	28
Annex B – Compliance with government-wide corporate guidance and instructions	30
Annex C - Financial Memorandum	32

---

[leave this page blank – back of contents page]

## Introduction

### **Purpose of the Framework Document**

1. This framework document has been drawn up by the Ministry of Justice (MoJ) in consultation with the Legal Services Board (LSB). The document has also been shared with the Office for Legal Complaints (OLC), in recognition of the governance relationship between the LSB and OLC, as set out in the Legal Services Act 2007 (“the Act”), particularly in Part 6 of and Schedule 15 to the Act.
2. Subject to the Act, this document sets out the broad framework within which the LSB will operate and describes, in particular:
  - the LSB’s independent role, within statutory parameters and with the regulatory objectives acting as the over-riding framework;
  - the rules and guidelines relevant to the exercise of the LSB’s functions, duties and powers as a Non-Departmental Public Body (NDPB);
  - the conditions under which any public grant funds are paid to the LSB; and
  - how the LSB will account for its performance.
3. This document should not be interpreted as detracting in any way from the statutory powers and duties established by the Act. The MoJ and the LSB will review this framework document after each government review of the LSB’s status. The most recent review was published on 19 July 2017.
4. This framework document - which is signed and dated by both the MoJ and LSB - does not convey any legal powers or responsibilities and legislative provisions will take precedence over any part of the document.
5. Copies of the document and any subsequent amendments have been placed in the Libraries of both houses of Parliament and made available to members of the public on the LSB’s website.
6. The MoJ and the LSB will have an open and honest, trust-based partnership supported by the principles set out in ‘Partnerships between Departments and ALBs: Code of Good Practice’. As such, both parties will ensure that they clearly understand the strategic aims and objectives of each other and will commit to keeping each other informed of any significant issues and concerns.

**Reviews and amendments**

7. The MoJ carries out an annual impact and support analysis exercise to monitor the status of the LSB in terms of assessing the appropriate level of partnership, as required by the MoJ's Arm's Length Bodies Division.
8. This framework document will be formally reviewed by the MoJ, in consultation with the LSB, every three years. The next formal review will be in 2020.
9. Outside formal reviews, the LSB and/or the MoJ may propose amendments to this document at any time. Any such proposals by the LSB or the MoJ will be considered in the light of evolving MoJ and LSB policy aims, operational factors and the record of accomplishment of the LSB itself. The guiding principle will be that the LSB will have the flexibility and freedom appropriate to its operational needs and the quality of its internal controls.
10. The MoJ will draft, in consultation with the LSB, what changes - if any - are to be incorporated in the document, and significant variations will require the approval of the Principal Accounting Officer (PAO) and the LSB, and if required, approval by HM Treasury (HMT). Legislative provisions will take precedence over any part of the document. Revisions will be shared with the OLC.

## Overview of the governance relationship between the LSB and MOJ

11. The LSB was set up in statute by the Legal Services Act 2007 (“the Act”), as an NDBP on the 1 January 2009. Parliament, in passing the Act, intended to deliver a number of benefits to the consumer including:
  - Greater competition and innovation;
  - Enhanced access to justice;
  - Empowered consumers having an improved consumer experience;
  - Constantly improving legal professions, as diverse as the community they serve; and
  - Clear regulatory structures which command public confidence.
12. The Act established the LSB to be an independent oversight regulator. The LSB oversees the approved regulators and seeks to ensure that they carry out their regulatory functions to the required standards. Both the LSB and the approved regulators must have regard to the regulatory objectives when carrying out their functions. The LSB appoints a Consumer Panel to represent the interests of consumers. The LSB Board has a lay Chair and a majority of lay members, all appointed by the Lord Chancellor in consultation with the Lord Chief Justice. The LSB also appoints the OLC Board and has certain functions in relation to it.
13. The Office for National Statistics has classified the LSB as an NDPB and it is therefore part of the public sector financial regime. It is subject to MoJ’s departmental sponsorship. The MoJ has a role in overseeing the LSB and, in doing so, ensures value for money and provides assurance to the public and the legal profession. The LSB recognises its accountability as set out in the Act.

### Role of the LSB

14. The overall aim of the LSB is to contribute to the reform and modernisation of the legal services market place in the interests of consumers, enhancing quality, and ensuring value for money and improving access to justice across England and Wales.
15. The LSB oversees the approved regulators who themselves are required to ensure independent regulation of the eleven branches of the legal profession. The approved regulators are:
  - The Law Society, who through the Solicitors Regulation Authority regulate practising solicitors;
  - The General Council of the Bar, who through the Bar Standards Board regulate practising barristers;
  - The Chartered Institute of Legal Executives, who through CILEX Regulation regulate practising fellows;

- The Council for Licensed Conveyancers who regulate practising licensed conveyancers;
- The Chartered Institute of Patent Attorneys, who through the Intellectual Property Regulation Board regulate practising chartered patent attorneys;
- The Institute of Trade Mark Attorneys, who through the Intellectual Property Regulation Board regulate practising trade mark attorneys;
- The Association of Costs Lawyers, who through the Costs Lawyer Standards Board regulate practising costs lawyers;
- The Master of the Faculties who regulates notaries; and
- The Institute of Chartered Accountants in England and Wales (ICAEW)

The Institute of Chartered Accountants in Scotland and the Association of Chartered Certified Accountants are both approved regulators for probate activities only but do not currently authorise anyone to offer this service.

16. The Act allows for the LSB to recommend to the Lord Chancellor additional bodies as licensing authorities or approved regulators, on application and providing compliance with rules issued by the LSB for this purpose.
17. The LSB's starting point in approaching regulation is the regulatory objectives set out in the Act. These objectives provide a strategic underpinning for all the work of the LSB, and the Board will always map its proposals back to them. They are:
  - protecting and promoting the public interest;
  - improving access to justice;
  - protecting and promoting the interests of consumers;
  - promoting competition in the provision of services (provided by authorised persons);
  - encouraging an independent, strong, diverse and effective legal profession;
  - increasing public understanding of the citizen's legal rights and duties; and
  - promoting and maintaining adherence to the professional principles (acting with independence and integrity, maintaining proper standards of work etc).

18. In undertaking its regulatory activities, the LSB must have regard to the better regulation principles and aim to be transparent, accountable, proportionate, consistent and targeted in all activities i.e. reviewing processes to ensure they are risk-based. Better regulation is important to the LSB.
19. The LSB will clearly describe what it intends to achieve and deliver in performing its regulatory duties through its business planning and performance framework. These outcomes will reflect the regulatory objectives. In establishing its performance framework, the LSB will fulfil its statutory obligations in relation to corporate governance under section 5 of the Act, and have regard to departmental and wider government best practice as appropriate.

#### **LSB responsibilities for the Office for Legal Complaints**

20. The LSB and OLC are both Arm's Length Bodies (ALBs) of the Ministry of Justice (MoJ). The Act describes the statutory relationship between the LSB and OLC and places certain statutory responsibilities on each body in relation to the governance and oversight of the OLC.
21. Where necessary, the LSB will endeavour to facilitate co-operation between itself, the OLC and approved regulators to ensure:
  - That the maximum learning is achieved for service improvement, professional training and development, and policy development from the activities of the OLC; and
  - The Chief Ombudsman has the help and information needed to ensure the efficient and effective discharge of his/her functions.
22. Specific statutory responsibilities and powers of the LSB are outlined in the Act and summarised in the Tripartite Operating Protocol agreed with the MoJ, LSB and OLC: [http://www.legalservicesboard.org.uk/about\\_us/office\\_for\\_legal\\_complaints/olc\\_board/pdf/2017/171506\\_Tripartite\\_Agreement\\_LSB\\_MoJ\\_OLC.pdf](http://www.legalservicesboard.org.uk/about_us/office_for_legal_complaints/olc_board/pdf/2017/171506_Tripartite_Agreement_LSB_MoJ_OLC.pdf).
23. The LSB will discuss the fulfilment of its responsibilities and exercise of its powers in relation to the OLC with the MoJ Partner team, in particular in relation to:
  - Appointing the OLC's Chair;
  - Approving the OLC's annual budget; and
  - Its approach to monitoring OLC performance.

## **Governance and accountability**

### **Legal origins of LSB powers and duties**

24. The LSB's powers and duties are contained in the Act.

25. The LSB is accountable to Parliament through the Lord Chancellor and is sponsored by the MoJ. The relationship is captured in this framework document, which sets out the principles and strategic framework for how both parties will:

- meet their responsibilities;
- ensure regular contact and communicate with one another;
- undertake proper planning and ensure accountability; and
- support each other in the discharge of their respective responsibilities, and collaborate with strengthening a three-way dialogue to include the OLC.

26. Together with the MoJ, the LSB jointly acknowledge the need to work together to bring forward the reform and effective regulation of legal services. The MoJ further acknowledges the LSB's independence as described in the Act.

### **Ministerial responsibility**

27. Under the Act, the Lord Chancellor is responsible for:

- appointing the Chair (in consultation with the Lord Chief Justice) and Members of the Board, ensuring a statutory minimum of members and approving the terms and conditions of Board members;
- approving the LSB Board borrowing levels;
- approving the LSB's appointments of the Chair of the Office for Legal Complaints (OLC) and Members of the Legal Services Consumer Panel;
- laying the LSB's annual report and accounts before Parliament;
- keeping Parliament informed about the LSB's performance;
- paying the LSB such sums, through grant-in-aid, grant, or other funds, as he/she deems appropriate for meeting the LSB's expenditure and securing Parliamentary approval;
- approving the levy rules for the LSB; and
- considering and acting appropriately on advice and recommendations made by the LSB, as set out in the Act.

28. The Lord Chancellor or Justice Minister will account for LSB's business in Parliament.

**MoJ’s Principal Accounting Officer’s specific accountabilities and responsibilities**

29. The PAO of MoJ is responsible for designating the appropriate person as the LSB’s Accounting Officer. (The respective responsibilities of a PAO and Accounting Officers for ALBs are set out in Chapter 3 of *Managing Public Money*).
30. The PAO is accountable to Parliament for any grant-in-aid or other public funds given to the LSB and is also responsible for advising the Lord Chancellor on:
- The conditions under which any public grant funds are paid to the LSB (“public funds” include not only any funds granted to the LSB by Parliament but also any other funds generated by the levy and other approved activities);
  - How the LSB’s objectives and targets fit with and contribute to the aims and requirements of the Act;
  - How well the LSB is achieving its strategic objectives and whether it is delivering value for money.
31. The PAO is also responsible for ensuring arrangements are in place in order to:
- Monitor the LSB’s activities on a continuous basis, ensuring that MoJ monitoring activity is planned, reasonable and proportionate, to assess the LSB’s delivery of its Business Plan, benefits and overall value for money;
  - Support the Lord Chancellor in appointing the Chair and other ordinary Board members of the LSB;
  - Address significant problems in the LSB, making such interventions as are judged necessary;
  - Respond to requests for advice and assistance from the LSB;
  - Periodically carry out an assessment of the risks both to the department and the LSB’s objectives and activities;
  - Inform the LSB of relevant government policy in a timely manner; and
  - Bring concerns (raised by MoJ as a result of sponsorship responsibilities) about the activities of the LSB to the full LSB Board and, as appropriate, to the departmental board, requiring explanations and assurances that appropriate action has been taken.

*MoJ’s responsibilities as partner*

32. While the MoJ partner of the LSB is DG Justice and Courts Policy Group, the ALB Division is the assurance partner who is the primary contact for the LSB and the main source of advice and support to the Secretary of State and the PAO on the discharge of their responsibilities in respect of the LSB.
33. The assurance partner oversees the working relationship between the MoJ and the LSB and, with other MoJ teams, obtains the necessary financial, management, risk and operational information required to monitor the LSB’s performance.
34. DG Justice and Courts Policy Group as partner will:

- Provide assurance about the performance and governance of the LSB to the Executive Committee of the MoJ Board;
- Support the resolution of issues and difficulties arising from the relationship between the LSB and the MoJ; and
- Conduct, on behalf of Ministers, the annual performance review of the Chair of the LSB.

35. The assurance partner will:

- Support the development of a positive and effective working partnership - underpinned by the four principles contained in the Code of Good Practice - between the LSB and all parts of MoJ, ensuring that the partnership is tailored and proportionate to the needs of both organisations;
- Monitor relevant LSB activities on a continuing basis, ensuring such monitoring is proportionate and that risks to both the LSB and the MoJ are assessed periodically. The risk assessment must take into account: the public money at stake; the LSB's corporate governance arrangements; its financial performance; internal and external auditors' reports; the openness of communications between the MoJ and the LSB and; any other relevant matters;
- In liaison with the LSB complete the annual Impact Support Analysis process which assists in providing assurance to the Executive Committee that appropriate assurance and partnership arrangements are in place, reflecting both the needs of the LSB and the Department;
- Where appropriate, act as champion of the LSB in pursuing agreed issues of concern with the MoJ and, where necessary, other departments;
- Address significant financial or relationship problems in the LSB making such interventions as are judged necessary. More information on the criteria for intervention is provided at paragraph 95.
- Bring significant concerns about the activities of the LSB, such as operation outside legal limits or evidence that the LSB is not adhering to the provisions of Managing Public Money to the LSB Board, requiring explanations and assurances that appropriate action has been taken;
- Ensure that Business Assurance Meetings (BAM) take place twice a year between the partner and the LSB as set out in paragraph 91; and
- Seek to embed the four principles set out in 'Partnerships between Departments and ALBs: Code of Good Practice'.

## Responsibilities of the LSB’s Accounting Officer

### *General*

36. The Accounting Officer is personally responsible 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; and for the day-to-day operations and management of the LSB. In addition, he or she should ensure that the LSB as a whole is run on the basis of the standards, in terms of governance, decision-making and financial management that are set out in Box 3.1 of *Managing Public Money*.

### *Responsibilities for Accounting to Parliament*

37. The accountabilities include:

- signing the annual report and accounts and ensuring that proper records are kept relating to the accounts and that the accounts are properly prepared and presented in accordance with any directions issued by the Secretary of State;
- preparing and signing a Statement of Accounting Officer’s responsibilities, for inclusion in the Performance and Accountability parts of the annual report and accounts together with the Statement of Financial Position;
- ensuring that effective procedures for handling complaints about the LSB are established and made widely known;
- acting in accordance with the terms of this document, *Managing Public Money* and other instructions and guidance issued from time to time by the MoJ, HM Treasury and the Cabinet Office; and
- giving evidence, normally with the PAO, when summoned before the Public Accounts Committee on the LSB’s stewardship of public funds.

### *Responsibilities to the MoJ*

38. Particular responsibilities to the MoJ include:

- establishing, in consultation with the MoJ, the LSB’s business and strategic plans, and related budgets;
- informing the MoJ of how resources are being used to achieve the LSB’s objectives; and
- ensuring that timely forecasts and monitoring information on performance and finance are provided to the MoJ; that the MoJ is notified promptly if over or under spends are likely and that corrective action is taken if appropriate; and that any significant problems whether financial or otherwise, and whether detected by internal audit or by other means, are notified to the MoJ in a timely fashion.

### *Responsibilities to the LSB Board*

39. The LSB Accounting Officer is responsible for:

- advising the LSB Board on the discharge of the LSB Board’s responsibilities as set out in this document, in the Act and in any other relevant instructions and guidance from the MoJ, HM Treasury, Cabinet Office or any other relevant source, that may be issued from time to time;

- ensuring that financial considerations are taken fully into account by the LSB Board at all stages in reaching and executing its decisions, and that financial appraisal techniques are followed;
- taking action as set out in paragraphs 3.8.6 of Managing Public Money if the LSB Board, or its Chair, is contemplating a course of action involving a transaction, which the Chief Executive considers would infringe the requirements of propriety or regularity or does not represent prudent or economical administration, efficiency or effectiveness, is of questionable feasibility, or is unethical, then his or her reservations should be made clear, preferably in writing; and
- having taken the action set out in paragraphs 3.8.6 of Managing Public Money, acting on any subsequent direction of the LSB Board, notwithstanding the AO's clearly stated reservations.

### **The LSB Board Responsibilities**

40. The Board should ensure that effective arrangements are in place to provide assurance on risk management, governance and internal control. The LSB Board must set up an Audit and Risk Assurance Committee chaired by a non-executive member. The Board is expected to assure itself of the effectiveness of the internal control and risk management systems.

41. The LSB Board as a whole is specifically responsible for:

- establishing and taking forward the strategic aims and objectives of the LSB with its overall strategic direction and within the resources framework determined by Ministers;
- ensuring that Ministers are kept informed of any changes which are likely to impact on the strategic direction of the LSB Board on the attainability of its targets, and determining the steps needed to deal with such changes;
- ensuring that any statutory or administrative requirements for the use of public funds are complied with; that the LSB Board operates within the limits of its statutory authority and any delegated financial authority agreed with the MoJ, and in accordance with any other conditions relating to the use of public funds and that, in reaching decisions, the LSB Board takes into account guidance issued by MoJ or HM Treasury;
- ensuring that the LSB Board receives and reviews regular financial information concerning the management of the LSB; is informed in a timely manner about any concerns about the activities of the LSB and provides positive assurance to the MoJ and LSB that appropriate action has been taken on such concerns; and
- demonstrating high standards of corporate governance at all times, including by using the Audit and Risk Assurance Committee to help the LSB Board to address key financial and other risks.

*The Chair's personal responsibilities*

42. The Chair is accountable to the Lord Chancellor.

43. Communications between the LSB and Lord Chancellor should normally be through the Chair. He or she is responsible for ensuring that the LSB's affairs are conducted with probity.

44. In addition, the Chair has the following leadership responsibilities:

- ensuring that the LSB has a properly formulated strategy;
- ensuring that the LSB, in reaching decisions, takes proper account of appropriate prevailing guidance (including that provided by the Lord Chancellor and the MoJ);
- promoting the efficient and effective use of staff and other resources;
- delivering high standards of regularity and propriety; and
- representing the views of the LSB to the general public.

45. The Chair also has an obligation to ensure that:

- The work of the LSB Board and its members is reviewed and is working effectively;
- In advising Ministers about proposed LSB needs with regard to appointments and re-appointments, s/he has considered whether the LSB Board has a balance of skills appropriate to directing the LSB business, as set out in the Cabinet Office Governance Code on Public Appointments;
- The LSB Board members are fully briefed on terms of appointment, duties, rights and responsibilities;
- He or she, together with the other LSB Board members, receives appropriate training on financial management and reporting requirements and on any differences that may exist between private and public sector practice;
- He or she records an annual assessment of the performance of individual LSB Board members and ensures they are available if individuals are being considered for re-appointment;
- The role and responsibilities of the LSB Board align with the provisions of the e Corporate Governance in central government departments: Code of Good Practice 2011; and
- There is a code of practice for LSB Board members in place, consistent with the Cabinet Office Code of Conduct for Board Members of Public Bodies.

*Individual LSB Board Members' Responsibility*

46. Individual LSB Board members should:

- Comply at all times with the Board members' Code of Practice and with the rules set out in government guidance relating to the use of public funds and to conflicts of interest;
- Non-Executive Board members comply with the principles set out in the Cabinet Office's Code of Conduct for Board Members of Public Bodies;
- Not misuse information gained in the course of their public service for personal gain or for political profit, nor seek to use the opportunity of public service to promote their private interests or those of connected persons or organisations;
- Comply with the LSB Board's rules on the acceptance of gifts and hospitality, and of business appointments; and
- Act in good faith and in the best interests of the LSB.

**Annual report and accounts**

47. The LSB must publish an Annual Report of its activities together with its audited accounts after the end of each financial year. The LSB shall provide the MoJ with its finalised (audited) accounts to an agreed timetable before Parliament rises for the summer recess each year.

48. The Act, at Section 6 and Schedule 1 (25), sets out what must be included in the Annual Report and Accounts. The Annual Report must deal with: the discharge of the Board's functions; the extent to which, in the Board's opinion, the Board has met the regulatory objectives; and any other matters as directed by the Lord Chancellor. The statement of accounts must comply with any directions given by the Lord Chancellor and by HM Treasury and be prepared in accordance with the relevant statutes and specific accounts direction issued by the MoJ, under s25 of Schedule 1 to the Act, as well as the HM Treasury *Financial Reporting Manual (the FReM)*.

49. The LSB must give a copy of each statement of accounts to the Comptroller & Auditor General and the Lord Chancellor. A draft of the Annual Report and Accounts should be submitted to the MoJ at least two weeks before the proposed publication date. The Lord Chancellor will lay the LSB's Annual Report and Accounts in Parliament. The Annual Report and Accounts should also be made available on the LSB's website, in accordance with the guidance in the FReM, on the same day that Annual Report and Accounts are laid in Parliament.

**Internal Audit**

50. The LSB shall:

- establish and maintain arrangements for internal audit in accordance with the Treasury's Public Sector Internal Audit Standards (PSIAS);
- ensure the MoJ is satisfied with the competence and qualifications of the Head of Internal Audit and the requirements for approving appointments in accordance with PSIAS;
- set up an audit and risk assurance committee of the LSB Board in accordance with the Cabinet Office's Code of Practice for Corporate Governance and the Audit and Risk Assurance Committee Handbook;

- forward the audit strategy, periodic audit plans and annual audit report, including the LSB Head of Internal Audit opinion on risk management, control and governance on request to the MoJ; and
  - keep records of, and prepare and forward to the MoJ on request, an annual report on fraud and theft suffered by the LSB and notify the MoJ of any unusual or major incidents as soon as possible.
51. The MoJ's internal audit service has a right of access to all documents prepared by the LSB internal auditor, including where the service is contracted out.

#### **External Audit**

52. The Comptroller & Auditor General (C&AG) audits the LSB annual accounts and they are laid before Parliament by the Lord Chancellor, together with the C&AG's report.

53. The C&AG:

- will consult the MoJ and the LSB on whom – the NAO or a commercial auditor – shall undertake the audit(s) on his behalf, though the final decision rests with the C&AG;
  - has a statutory right of access to relevant documents; will share with the MoJ Partner team information identified during the audit process and the audit report (together with any other outputs) at the end of the audit, in particular on issues impacting on the MoJ's responsibilities in relation to financial systems within the LSB; and
  - will, where asked, provide MoJ and other relevant bodies with Regulatory Compliance Reports and other similar reports which MoJ may request at the commencement of the audit and which are compatible with the independent auditor's role.
54. The C&AG may carry out examinations into the economy, efficiency and effectiveness with which the LSB has used its resources in discharging its functions. For the purpose of these examinations the C&AG has statutory access to documents as provided for under section 8 of the National Audit Act 1983.

#### *Right of Access*

55. The MoJ will have right of access to all the LSB's records and personnel as required to discharge the obligations of the MoJ and PAO. Should data protection or other concerns arise in relation to access to records and personnel, the LSB and MoJ will consider on a case-by-case basis and with due regard to respective responsibilities under prevailing data protection legislation obligations.

## Management and financial responsibilities

### *Managing Public Money and other government-wide corporate guidance and instructions*

56. The LSB should be transparent, efficient and effective in controlling its costs and must be prepared to explain in a transparent manner how costs and hence 'leviable expenditure' (as defined in s173(7) of the Act), and fees have been calculated.
57. Unless otherwise agreed by the MoJ and, as necessary, HM Treasury, the LSB shall adhere to the principles, rules, guidance and advice in *Managing Public Money*, referring any difficulties or any proposed case for exceptions to the MoJ Partner team in the first instance. A list of guidance and instructions with which the LSB should have regard to is in Annex B. However, notwithstanding this broad compliance requirement, and any other reference to finance in this document, the LSB should note the subsequent paragraphs in this section.
58. Once the LSB's detailed budget requirements have been finalised in consultation with the MoJ, and subject to any restrictions imposed by the Act, or by wider spending controls, the LSB will have authority to incur expenditure as agreed without further reference to MoJ, on the following conditions:
- Expenditure plans are in line with the amount agreed by the Lord Chancellor as recoverable through the levy on approved regulators.
  - The LSB's delegated thresholds and Financial Transactional Limits (FTL) are set out in the prevailing agreed Budget Version (BV) letter and its annexes. The LSB shall obtain the MoJ's prior written approval before exceeding or varying any of its delegated thresholds or FTL's or submit an appropriate attestation form as per the MoJ spend controls guidance.
  - The LSB will comply with the requirements of *Managing Public Money* regarding novel, contentious or repercussive proposals and special payments.
  - The inclusion of any planned and approved expenditure in the budget shall not remove the need to seek formal MoJ approval where any proposed expenditure is outside the LSB's delegated limits.
  - The LSB will provide the MoJ with such information about its operations, performance of individual projects or other expenditure as MoJ may require. In particular with regard to the statutory responsibility of the Lord Chancellor to report to Parliament on the activities of the LSB and enabling with MoJ to carry out its departmental sponsorship of the LSB effectively.

### **Sustainable development**

59. The Government wants to mainstream sustainable development so that it is central to policy making and delivery, estate management and the purchasing of goods and services. The LSB will comply with policies and guidance issued by the MoJ, the Treasury or other relevant bodies in relation to sustainable development, contributing to the Government's vision for Mainstreaming Sustainable Development and to MoJ's results under Greening Government Commitments Operations and Procurement as far as it is able.

### **Delegated Authorities**

60. The LSB's delegated financial transaction limit (FTLs) and details about obtaining MoJ's approval before taking any specific decisions on expenditure are set out in the annex to the budget delegation letter. The LSB shall obtain the MoJ's prior written approval before exceeding or varying any of its delegations or FTLs or submit an appropriate attestation form as per the MoJ spend controls guidance.
61. On receipt of any LSB business cases where rapid consideration and approval is necessary for urgent expenditure, MoJ will consider the business case, and aim to notify LSB of the response within five working days.

### **Corporate Governance**

#### *Board appointments – the Chair and other Board members*

62. Under the Act, the LSB Chair and non-executive LSB Board members are appointed by the Lord Chancellor in consultation with the Lord Chief Justice. Such appointments will comply with the Cabinet Office Governance Code on Public Appointments.
63. The process is approved by the Lord Chancellor and the Lord Chief Justice, and managed on their behalf by the MoJ Public Appointments Team. The Selection Panel for Chair and non-executive Board members will be chaired by the MoJ and its composition will be in accordance with the Governance Code.
64. Equality and diversity must be considerations in the appointment process, but also for any future appointment to the Board of the LSB. The LSB Chair will be a member of the Selection Panel for Board members.
65. LSB Board members (public appointees) are remunerated according to the terms of appointments set by MoJ at the time of their appointment. This is an explicit agreement and any subsequent changes require the further explicit approval of the Lord Chancellor. It is expected that such proposals will have been benchmarked across the MoJ and wider to encompass any specific issues pertaining to the selection criteria of their appointment. Travel expenses of LSB members will be tied to the rates allowed to colleagues of the LSB and included in the expenses policy.

#### *Composition of the LSB Board*

66. The Act specifies the composition of the LSB Board including as regards the definition of lay and non-lay membership and requirements for a lay majority of members. The Lord Chancellor appoints members and agrees the selection criteria and appointment process in line with the Act and with due regard to the Governance Code for Public Appointments. The LSB will be invited to make representations about any specific emphasis that should be considered by the Lord Chancellor in making any appointment to the Board.

#### *Appointment of the Chief Executive*

67. Under Schedule 1 of the Act, the Chief Executive is appointed by the LSB Board on terms and conditions to be determined by the Board. It is convention that the MoJ's PAO is notified of such appointments and will wish to be assured that their terms and conditions comply with the Government's mandated requirements to seek approval for specific salary levels, and the consequent need to benchmark against the wider public sector.

### **Risk Management**

68. The LSB shall ensure that the risks that it faces are dealt with in an appropriate manner, in accordance with relevant aspects of best practice in corporate governance,

and develop a risk management strategy, in accordance with the Treasury guidance: Management of Risk: Principles and Concepts. It should adopt and implement policies and practices to safeguard itself against fraud and theft, in line with the Treasury's guide: Managing the Risk of Fraud.

### **Security and information assurance**

69. The LSB is required to comply with Government standards for the management of security and information risk as set out in the Government Information Standards (and where the LSB is covered by the Security Policy Framework it complies with its requirements) where they exchange information with the MoJ or other departments in carrying out a business role, or in delivering a service on behalf of Government.
70. If requested by the MoJ, information relating to any significant weakness in meeting these standards will be provided for inclusion in the MoJ's annual Security Risk Management Overview return to the Cabinet Office and if particularly serious in the MoJ's Governance Statement. MoJ's Departmental Security Officer and Senior Information Risk Owner will commission supporting details from the LSB having regard to the assessed level of risk.

### **Business and Strategic Plans**

71. The LSB will prepare an annual business plan in accordance with the MoJ's planning cycle. The LSB will consult the Minister informally through their MoJ Sponsor Team on the draft business and strategic plans (including the indicative budget). The LSB will, so far as reasonably practicable, harmonise its annual business planning cycle with that of the MoJ. The draft Business Plan should otherwise be submitted by mid-November.
72. After consulting their stakeholders about the draft business and strategic plans, the LSB will consult the Minister informally through their MoJ assurance partner. The LSB will consider the outcome of the consultation with the Minister on the draft plan and whether any changes are needed. The LSB will discuss any such proposed changes and the impact, if any, that they have on the budget proposals with their MoJ Partner and the Minister before the LSB Board makes a final decision on the content of the plan and publishes it for formal consultation with other stakeholders.
73. Consistent with the timetable for public spending reviews, the LSB will also prepare a strategic plan that covers a three-year period, either as part of the business plan document or separately. If separate, the development of that document will proceed in a similar way to that outlined for the annual plan.

### *Overview of content*

74. The plan shall reflect the LSB's statutory and other duties. The LSB's aims will reflect the regulatory objectives under the Act and the plan shall demonstrate how the LSB contributes to the achievement of the MoJ's objectives in so far as they are consistent with the LSB's statutory remit.
75. The business plan shall include key targets and milestones for the year immediately ahead and shall be linked to budgeting information so that resources allocated to achieve specific objectives can readily be identified by the MoJ.
76. The following key matters should be included in the plans:
- Key objectives and associated key performance targets for the forward years, and the strategy for achieving those objectives;

- Key non-financial performance targets and;
- Other matters as agreed between the LSB and the MoJ and which are consistent with the LSB's statutory remit.

### **Budgeting procedures**

77. In accordance with the Act, the LSB is required to recoup its costs from the approved regulators of reserved legal activities by means of an annual levy and miscellaneous fees.
78. The MoJ does not fund the LSB budget, although their capital budget does fall within the MoJ capital allocation delegated limits.
79. In recognition of the need to change the previous netting off arrangements for monies from the levy, and this will require changes to Section 175 of the Act, a revised agreement will be circulated post the necessary legislative changes and this will be reflected in a revised Annex A in due course.
80. Each year, in the light of decisions by the Lord Chancellor and PAO, based on the LSB draft Business Plan, the MoJ will formally delegate to the LSB, as close to the 31 March of each year, as is practicable:
- a formal delegated statement confirming the annual budgetary limit approved by the Secretary of State for the new year;
  - an agreed cash holding limit that reflects their requirements for an average year of operations; and
  - confirm the reporting mechanism and cycle for the new year.
81. As an NDPB classified as a central government body, the LSB is part of the public sector financial regime, and comes under the MoJ's departmental sponsorship. The LSB is financed by an annual levy upon the legal profession but is wholly independent of it. The MoJ provides grant in aid finance, when required, which is included in its Supply Estimates and is subject to parliamentary control. The Lord Chancellor approves the LSB's annual budget and levy, and in doing so, ensures both value for money and provides assurance to the public and the legal profession, regarding the level of LSB activity and available resource for the forthcoming year.
82. MoJ Finance will begin the process of agreeing Budget variation (BV) letters with the LSB in April, September and February each year.
83. Subject to the necessary evidence of need, the MoJ will provide any additional cash funding (grant-in-aid) for exceptional items e.g. to finance the discrete extra costs of defending a Judicial Review or other legal action until such time as these costs can be recouped via the levy.

### **Grant-in-aid and any ring-fenced grants**

84. Any grant-in-aid provided by the MoJ for the year in question will be voted in the MoJ's Supply Estimate and be subject to Parliamentary control.
85. The grant-in-aid will normally be paid in monthly instalments on the basis of written applications showing evidence of need. The LSB will submit its requests for grant-in-aid (agreed in the budget), on the basis of need, on a monthly basis in good time before it is required. The LSB will comply with the general principle that there is no payment in advance of need. Cash balances accumulated during the course of the year from grant-in-aid or other Exchequer funds shall be kept to a minimum level consistent with the efficient operation of the LSB. Grant-in-aid not drawn down by the end of the financial year shall lapse. Subject to approval by Parliament of the relevant Estimates provision, where grant-in-aid is delayed to avoid excess cash balances at the year-end, the MoJ will make available in the next financial year any such grant-in-aid that is required to meet any liabilities at the year end, such as creditors.
86. In the event that the department provides the LSB with separate grants for specific (ring-fenced) purposes, it would issue the grant as and when the LSB needed it on the basis of a written request. The LSB would provide evidence that the grant was used for the purposes authorised by the department. The LSB shall not have uncommitted grant funds in hand, nor carry grant funds over to another financial year.

### **Cash Holding**

87. The MoJ will carry out a check of the LSB's cash holding at the end of each financial year, and in the event of it being significantly greater than its annual expenditure, will discuss with the LSB whether all or in part ought to be surrendered.

### **Capital**

88. Any requirement for capital expenditure must be identified and secured against the MoJ's capital allocation. Any case for investment above the capital delegation limit will require a business case and consideration by the Financial Management Committee and, in some cases, the Executive Committee of the MoJ. As the LSB will recover amounts through the levy equivalent to the depreciation charge each year, any grant in aid advanced for capital spend will be treated as a loan by the MoJ and repaid according to the depreciation policy of the capital asset it was used to purchase.

### **Commercial and Contract Management**

89. The LSB shall:
- Ensure that its procurement policies are consistent with the Cabinet Office (Government Procurement) and the Commercial and Contract Management (CCM) Directorate guidelines and policies;
  - Ensure spend in Government Procurement central categories is directed through Government Procurement mandated contracts with Cabinet Office;
  - Comply with all legal obligations, including those under the European Community's Procurement rules and other international agreements;
  - Ensure that its staff are fully aware of relevant procurement policies and guidance and, in particular, relevant delegations and FTL;
  - Put in place a procurement framework which sets out its procurement structure, organisation, processes and control mechanisms. The MoJ will provide the LSB with a statement of delegated authority for general procurement;

- Provide reports of spend against central contracts and other spend metrics as requested by the CCM Directorate for ongoing reporting to the Cabinet Office;
- Periodically and wherever practicable undertake benchmarking against best practice elsewhere; or
- Alternatively, utilise the procurement services and/or contracts of the MoJ in compliance with the above.

### **Reporting performance to the department**

#### **Reporting performance to MoJ**

90. The LSB shall operate management, information and accounting systems that enable timely and effective reviews of financial and non-financial performance against the budgets and targets set out in the corporate and business plans. The LSB shall report to MoJ, on a quarterly basis, achievement of objectives and targets. The LSB shall also inform the MoJ of any changes that make achievement of objectives more or less difficult.
91. The LSB's performance shall be formally reviewed by the MoJ twice a year at BAMs chaired by the Head of the MoJ Arm's Length Bodies Division and attended by the Chief Executive of the LSB. The responsible Minister will, unless other arrangements have been agreed, meet the Chair and Chief Executive of the LSB at least twice a year to discuss the LSB's performance and current issues.

#### **Providing financial monitoring information to the MoJ**

92. The monitoring information required will be proportionate to the LSB's activities and the risks posed to the MoJ. As a minimum, however, the LSB shall provide MoJ with information monthly that will enable the MoJ satisfactorily to monitor:
- The LSB's cash management;
  - Its draw-down of grant-in-aid;
  - Forecast outturn by resource headings; and
  - Other data required for the OSCAR Database.

#### **LSB/MoJ working level liaison arrangements**

93. Officials of the Finance Business Partnering team in the MoJ will liaise regularly with LSB officials to review:
- LSB financial performance against plans;
  - Achievement against LSB targets and;
  - The LSB's expenditure against its DEL and AME allocations.

All parties agree to communicate openly and often on an informal basis, ensuring 'no surprises' in their dealings with each other. Arrangements for dealing with urgent issues and problems will be agreed between the MoJ and the LSB, with the assurance partner being kept informed of any developments.

94. A MoJ representative may attend, as an observer, the LSB Audit and Risk Assurance Committee meetings and may attend meetings of the LSB Board at the invitation of the LSB.

*Consequences of failure to comply with MoJ requirements*

95. The twice-yearly BAM between the LSB and the MoJ is the means by which performance, risk, financial performance and the financial position of the LSB are evaluated. This monitoring framework and the application of appropriate risk management procedures by the LSB should be sufficient to avoid the need for MoJ intervention in the corporate governance of the LSB. There may, however, be a need for intervention in circumstances where:

- The financial performance of the LSB is deteriorating and there are concerns within MoJ corporate finance over financial control; and
- Broadly, an adverse situation arises and it appears that the attention of the NAO is likely; this could include a situation beyond poor financial control, poor performance or issues relating to regularity or propriety.

96. In such circumstances, the ALB Division and MoJ Group Finance teams will discuss with relevant officials in the LSB, escalating to senior levels within MoJ and the LSB as appropriate.

97. The Lord Chancellor or relevant Minister will meet the LSB Chair (the Chief Executive and Accounting Officer may also be required to attend) at least twice formally each year to discuss the LSB's current and future activities and policy developments relevant to those activities in the context of the business plan and annual report.

*Providing monitoring information to the department*

98. The LSB is required to provide an annual assurance report to the MoJ in support of the Permanent Secretary's accountability for security arrangements across the MoJ including its NDPBs and agencies. The report will be initiated by the MoJ Departmental Security Officer through the Sponsor Team.

*LSB/MoJ working level liaison arrangements*

99. ALBD will liaise regularly and meet on a twice yearly (in respect of MoJ sponsorship of the LSB) with LSB staff to review financial performance against plans, achievement against targets and expenditure against its DEL and AME allocations. The Legal Services Policy team will also take the opportunity to explain wider policy developments that might have an impact on the LSB.

100. The LSB will also take the opportunity to share with the policy team developments it is seeing in the work of the legal sector.

**Complaints**

101. The MoJ will refer complaints from members of the public about approved regulators to the LSB where these are within the LSB's remit. Where complaints are received about the LSB, the Partner Team will refer these to the Board to deal with directly.

102. However, MoJ retains the authority to manage a complaint process directly in the most serious cases. Complaints about the personal conduct of the Chair will be considered by the Lord Chancellor. If he decides the complaint should be investigated, he will

appoint an independent person to investigate the issue and make recommendations to him about the complaint resolution.

## **Staff**

### *Broad responsibilities for staff*

103. Within the arrangements set out in the Act, the LSB will have responsibility for the recruitment, retention and motivation of its staff. The broad responsibilities toward its staff are to ensure that:

- The policies for recruitment and management of LSB colleagues create an inclusive culture in which diversity is fully valued; appointment and advancement is based on merit; there is no discrimination on grounds of age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion and belief, sex or sexual orientation;
- There is an effective equality and diversity policy and statement in place. Equality is embedded into business planning processes and can demonstrate how the LSB is meeting the legal duty to pay due regard to the public sector equality duty including carrying out proportionate equality impact assessments where appropriate;
- Where the LSB is subject to the Equality Act 2010 (Specific Duties) Regulations 2011 it complies with the statutory requirements to publish information and set equality objectives as required by the Equality Act 2010 (Specific Duties) Regulations 2011;
- The level and structure of its staffing, including grading and staff numbers, are appropriate to its functions and the requirements of economy, efficiency and effectiveness;
- The performance of its staff at all levels is satisfactorily appraised and LSB performance measurement systems are reviewed from time to time;
- Its staff are encouraged to acquire appropriate professional, management and other expertise as necessary to achieve the LSB's objectives;
- Proper consultation with staff takes place on key issues affecting them;
- Adequate grievance and disciplinary procedures are in place;
- Whistle-blowing procedures consistent with the Public Interest Disclosure Act 1998 are in place; and
- A code of conduct for staff is in place based on the Cabinet Office's Model Code for Staff of Executive Non-departmental Public Bodies

### *Staff costs*

104. Subject to its delegated authorities, the LSB will ensure the creation of any additional posts does not incur forward commitments that will exceed its anticipated ability to pay for them.

### *Pay and conditions of service*

105. The LSB Board will determine the pay and grading structure and terms and conditions of service for staff employed by the LSB but should be cognisant of the current year

HMT Pay Remit guidance. The MoJ may seek assurance that this has occurred. The Pay Strategy will be determined by LSB and benchmarked against appropriate, similar organisations including relevant public-sector organisations.

106. Staff terms and conditions should be clear and set out in staff contracts. The terms and conditions should be provided to the MoJ together with subsequent amendments.
107. The LSB shall submit an annual pay remit proposal to the MOJ that complies with the annual HM Treasury Civil Service Pay Guidance.
108. The LSB shall comply with the EU Directive on contract workers – the Fixed-Term Employees (Prevention of Less Favourable Treatment) Regulations.

*Pensions, redundancies and compensation*

109. Staff working for the LSB shall be eligible for membership of any pension arrangements LSB may make as part of their pay strategy. However, this membership will not be made available for Board members (public appointees).
110. Any proposal by the LSB to pay any non-contractual redundancy or compensation for loss of office, requires the approval of the MoJ and possibly HMT. Proposals on severance must comply with the rules in chapter four of *Managing Public Money*.

**Occupational Health and Safety**

111. The LSB should determine and operate its own Occupational Health and Safety (OHS) policies and documentation, ensuring the proportionate management of OHS risks across the LSB. In doing so the LSB should comply with relevant legislation.

**Review of the LSB's status (winding up arrangements)**

112. Periodically, subject to Cabinet Office guidance, the MoJ will conduct a review to examine whether the functions the LSB carries out are still needed and, if so, whether they should continue to exist in their current form.
113. The status of the LSB will be reviewed every three years. The most recent Tailored Review concluded on 19 July 2017.

*Arrangements in the event that the LSB is wound up*

114. In the event that the LSB is to be wound up, the MoJ shall put in place arrangements to ensure the orderly winding up of the LSB, which will require primary legislation. In particular, it should ensure that the assets and liabilities of the LSB are passed to any successor organisation and accounted for properly. To this end, the department shall:
  - Ensure that procedures are in place in the LSB to gain independent assurance on key transactions, financial commitments, cash flows and other information needed to handle the wind-up effectively and to maintain the momentum of work inherited by any residuary body;
  - Specify the basis for the valuation and accounting treatment of the LSB's assets and liabilities;
  - Ensure that arrangements are in place to prepare closing accounts and pass to the C&AG for external audit, and that funds are in place to pay for such audits. It shall be for the C&AG to report on the final accounts before these are laid in Parliament; and

- Arrange for the most appropriate person to sign the closing accounts. In the event that another ALB takes on the role, responsibilities, assets and liabilities, the succeeding ALB AO should sign the closing accounts. In the event that the department inherits the role, responsibilities, assets and liabilities, the MoJ's PAO should sign.

115. The LSB shall provide the department with full details of all agreements where the LSB or its successors have a right to share in the financial gains of developers. It should also pass to the department details of any other forms of claw-back due to the LSB.

### **Freedom of Information and Data Protection**

116. The LSB will maintain a central monitoring record of FOI and DPA requests received and dealt with. The Lord Chancellor authorises the Chair and Chief Executive of the LSB to act as a "qualified person" as required in section 36(5)(o)(iii) of the Freedom of Information Act 2000. This power resides with the Chair and Chief Executive and cannot be delegated. In the role as qualified person and where the LSB has deemed an exemption to disclosure applies the qualified person must take into account before applying any exemption the general right of access to information held by public authorities. Under section 36 of the Act, information can be withheld where – in the reasonable opinion of a 'qualified person' – disclosure of that information would, or would be likely to, give rise to one or more of a number of specified prejudices – for example, where disclosure could prejudice the effective conduct of public affairs. Reliance on this exemption is subject to a public interest test, meaning that the public authority in question must demonstrate why the balance of the public interest favours non-disclosure in any given case.

### **Parliamentary Business**

#### *Parliamentary Questions*

117. MoJ Ministers are responsible for answering Parliamentary Questions about the LSB. In discharging this responsibility, the relevant Minister or Departmental officials may seek advice and information from the LSB. When replying to a Parliamentary Question or speaking in a Parliamentary debate on an issue that falls within the remit of the LSB, the Minister will make it clear that they are answering on behalf of the LSB and on the basis of information supplied by the LSB. The LSB will provide such information and, where necessary, advice in a timely manner and to the best of its ability.

*Ministerial correspondence*

118. Members of Parliament shall be encouraged to write directly to the Chair about specific activities and the administration of the LSB. They shall also be encouraged to write directly to the Chief Executive. When Ministers receive correspondence from Members of Parliament on these matters, they shall normally ask the Chair to reply (sending a copy of the reply to the relevant partnership team). Where a Minister decides to reply personally, for example, where the correspondence involves wider policy considerations, advice may be sought from the Chair or other LSB staff on aspects relating to the activities or administration of the LSB.

*Parliamentary Select Committees*

119. Where a Select Committee decides to take evidence on the specific activities of the LSB, the Lord Chancellor, or other responsible Justice Minister may decide to nominate the Chair or Chief Executive or a representative of the LSB to attend the hearings. Where a representative of the LSB has been called to give evidence, Ministers may also wish to attend or to require MoJ officials to do so. In all cases it is entirely at the discretion of the Select Committee to decide from whom they shall hear evidence. The Accounting Officer may be required to give evidence to the PAC, normally with the Principal Accounting Officer, on the stewardship and use of public funds by the LSB.

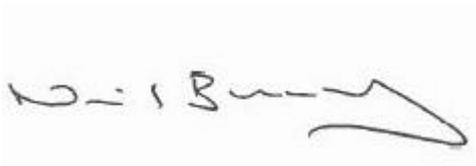
## LIST OF ANNEXES

Annex A - The operation of the levy in respect of legal services and surrendering income to the consolidated fund

Annex B - Compliance with government-wide corporate guidance and instructions

Annex C - Financial Memorandum

Signed:

A handwritten signature in black ink, appearing to read "Neil Buckley". The signature is written in a cursive style with a long horizontal stroke at the end.

**Neil Buckley, Chief Executive, Accounting Officer, LSB**

Date:

20<sup>th</sup> December 2017

Signed:

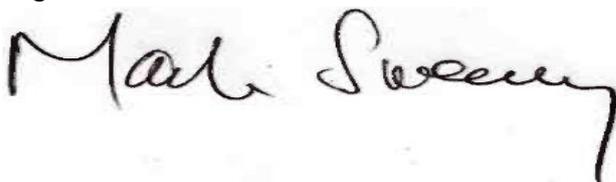
A handwritten signature in black ink, appearing to read "Helen Phillips". The signature is written in a cursive style.

**Helen Phillips, Interim Chair of the LSB**

Date:

20<sup>th</sup> December 2017

Signed

A handwritten signature in black ink, appearing to read "Mark Sweeney". The signature is written in a cursive style with a long vertical stroke at the end.

Date: 20<sup>th</sup> February 2018

**Mark Sweeney, Director General, Justice and Courts Policy Group, on behalf of the MoJ**

## Annex A – Finance, netting-off and the Operation of the Levy

1. In accordance with the LSA 2007 the LSB is required to recoup its costs from the approved regulators of reserved legal activities by means of an annual levy and miscellaneous fees.
2. HM Treasury (HMT) have confirmed that the LSB should retain any sums that it collects by means of the Levy rather than paying these sums into the Consolidated Fund and this process is called 'netting off'.
3. HMT confirmed that agreement was in line with a decision made in 2006 although there are some conditions attached.
  - In the run-up to each Spending Review or if income fluctuates by more than 15% per annum from the original assumptions of £30m per annum- the gross income of the LSB and the Office for Legal Complaints (OLC) from the Levy- MoJ should approach HMT again. HMT will consider whether it is appropriate to continue the agreement to net off the income to meet costs.
  - Confirmation that any financial penalties imposed by LSB will not be subject to a Netting Off agreement and will be returned to the Consolidated Fund.
4. The principles of Netting Off are that:
  - the MoJ provides working capital (cash) through grant in aid;
  - the LSB will retain levy receipts, which are received at the end of the public sector financial year;
  - the LSB will accrue for income not yet received to ensure that the budgetary position is broadly neutral within public sector financial regime;
  - the LSB will provide monthly financial reports to the MoJ by the 10<sup>th</sup> working day after the end of the accounting period, in as simpler format as to comply with MoJ requirements;
  - if required, the LSB will submit its cash requirements for any grant in aid, on the basis of need, as a concession on quarterly basis (normally monthly for NDPBs) in good time before it is required, and until such time as its working capital is sufficient;
  - the LSB will identify any capital requirements before the beginning of the financial year and once agreed will seek capital grant in aid delegated expenditure limits when it is required;
  - if the capital requirement exceeds its delegated capital limit, the LSB will submit a business case to seek approval by the relevant MoJ Investment Committee;
  - any fines or penalties income shall be paid through the MoJ to the Consolidated Fund by the end of the accounting year during which it was received;
  - Any interest received shall be paid over to the MoJ for payment to the Consolidated Fund; and
  - The MoJ will assess the LSB's cash holding at the end of each financial year and discuss any excess cash holding with the LSB.
5. The LSB will agree a Memorandum of Understanding with each of the approved regulators, which following the provision of specific information each year will detail the amounts due to the LSB and to the OLC. This will also contain the payment schedule.

6. The MoJ will also provide any additional cash funding (grant in aid) for exceptional items e.g. to finance the discrete extra costs of defending a Judicial Review or other legal action until such time as these costs can be recouped via the levy.

## Annex B – Compliance with government-wide corporate guidance and instructions

MoJ and LSB shall have due regard to the following general guidance documents and instructions:

- This document;
- Appropriate adaptations of sections of *Corporate Governance in Central Government Departments: Code of Good Practice*  
<https://www.gov.uk/government/publications/corporate-governance-code-for-central-government-departments>;
- *Code of Conduct for Board Members of Public Bodies*  
[http://www.civilservice.gov.uk/wp-content/uploads/2011/09/code-of-conduct\\_tcm6-38901.pdf](http://www.civilservice.gov.uk/wp-content/uploads/2011/09/code-of-conduct_tcm6-38901.pdf)
- *Code of Practice for Ministerial Appointments to Public Bodies*  
<http://publicappointmentscommissioner.independent.gov.uk/wp-content/uploads/2012/02/Code-of-Practice-2012.pdf>
- *Managing Public Money (MPM)*;
- *Public Sector Internal Audit Standards*,  
<https://www.gov.uk/government/publications/public-sector-internal-audit-standards>;
- *Management of Risk: Principles and Concepts* ;  
<https://www.gov.uk/government/publications/orange-book>
- HM Treasury Guidance on Tackling Fraud,  
[http://webarchive.nationalarchives.gov.uk/20130129110402/http://www.hm-treasury.gov.uk/d/managing\\_the\\_risk\\_fraud\\_guide\\_for\\_managers.pdf.pdf](http://webarchive.nationalarchives.gov.uk/20130129110402/http://www.hm-treasury.gov.uk/d/managing_the_risk_fraud_guide_for_managers.pdf.pdf) ;
- Government Financial Reporting Manual (FRoM),  
<https://www.gov.uk/government/publications/government-financial-reporting-manual>;
- Fees and Charges Guide, Chapter 6 of *Managing Public Money*;
- Departmental Banking: A Manual for Government Departments, annex 5.6 of *Managing Public Money*;
- Relevant *Dear Accounting Officer* letters;
- Regularity, Propriety and Value for Money,  
[http://webarchive.nationalarchives.gov.uk/20130129110402/http://www.hm-treasury.gov.uk/psr\\_governance\\_valueformoney.htm](http://webarchive.nationalarchives.gov.uk/20130129110402/http://www.hm-treasury.gov.uk/psr_governance_valueformoney.htm);
- The Parliamentary and Health Service Ombudsman’s Principles of Good Administration <http://www.ombudsman.org.uk/improving-public-service/ombudsmansprinciples> ;
- Consolidation Officer Memorandum, and relevant DCO letters;
- Relevant Freedom of Information Act guidance and instructions (Ministry of Justice);
- Model Code for Staff of Executive Non-departmental Public Bodies (Cabinet Office)  
[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/80082/PublicBodiesGuide2006\\_5\\_public\\_body\\_staffv2\\_0.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/80082/PublicBodiesGuide2006_5_public_body_staffv2_0.pdf)];

- Other relevant guidance and instructions issued by the Treasury in respect of Whole of Government Accounts;
- Other relevant instructions and guidance issued by the central Departments;
- Specific instructions and guidance issued by the sponsor Department;
- Recommendations made by the Public Accounts Committee, or by other Parliamentary authority, that have been accepted by the Government and relevant to the ALB.

## **Annex C - Financial Memorandum**

The LSB, though not required to comply with Governmental policies and guidelines to the same extent as the MoJ itself, is strongly encouraged to regard such policies and guidelines as best practice, and endeavour to observe them where possible.

In addition, the MoJ requires the LSB to observe and comply with its own policies, where relevant to the LSB and its activities.

As the LSB does not have access to the MoJ intranet, the finance governance team would be happy to forward electronic copies of any document required. Please email [MoJFinanceQueries@justice.gsi.gov.uk](mailto:MoJFinanceQueries@justice.gsi.gov.uk)

leave blank – inside back cover

© Crown copyright 2017 Produced by the Ministry of Justice

You may re-use this information (excluding logos) free of charge in any format or medium, under the terms of the Open Government Licence. To view this licence, visit <http://www.nationalarchives.gov.uk/doc/open-government-licence/> or email: [psi@nationalarchives.gsi.gov.uk](mailto:psi@nationalarchives.gsi.gov.uk)

Where we have identified any third party copyright material you will need to obtain permission from the copyright holders concerned.

Alternative format versions of this report are available on request from the Legal Services Policy Team, at the Ministry of Justice.