OLC / LeO Draft Budget Acceptance Criteria 2025 / 26

The OLC budget acceptance criteria are designed to support the OLC's annual budget application to the LSB:

1. In accordance with Schedule 15 s23(3) of the Act, an indication of the amount and distribution of resources deployed in the operation of the ombudsman scheme and the amounts of income OLC expect to arise from the operation of the scheme. This should include a clear and plausible breakdown, explanation and justification of:

    a. assumptions around the volumes predicted for 2025/26, including data on the number of new cases in the current year to date and an assessment of the likely impact of key external factors on demand. Please include information about how the organisation would respond in the event of volume fluctuation

    b. estimated staff costs and full-time equivalent numbers for 2025/26 broken down by function. This should outline the assumptions made for vacancies and for the pay award to staff in 2025/26

    c. estimated split of expenditure between:

        i. handling complaints about legal services
        ii. policy and impact work, in particular to analyse and feed back to the sector learnings from handling complaints
        iii. anything else not covered by (i) and (ii).

2. Transparency about performance, this should include:

    a. analysis of actual performance to date in 2024/25 in an updated full year forecast, with reference to the minimum delivery expectations in the 2024/25 budget application

    b. risks and how they are being managed and mitigated for:

        i. the remainder of 2024/25
        ii. 2025/26, including an overview of demand forecasting, sensitivity analysis of key assumptions around income prediction, case complexity and other factors

    c. the forecast performance trajectory from the present until sustainable acceptable performance is expected to be achieved mapped against different budget scenarios (analysis by month)

    d. a summary of key current and planned initiatives designed to achieve sustainable acceptable performance, including specific actions and timeframe

   e. contingency plans should the forecast performance trajectory not be met.

3. Strategic & Business Plans

   a. Delivery and/or business plans should be provided setting out how the OLC 2024-27 Strategy for the Legal Ombudsman will be delivered in 2025-26.

   b. Plans should include how LeO's new insight work is being utilised to progress its strategy and how its effectiveness is being measured as well as progress towards increased transparency of ombudsman decisions and utilisation of approaches to improve timeliness and effectiveness.

4. A robust business case that clearly demonstrates the linkages between any additional resources sought to the expected benefits across operational performance (including staff morale), policy and impact, and other relevant activities.

5. An explanation of how value for money will be delivered and measured in terms of economy, efficiency and effectiveness.

6. An explanation of how the proposed budget would promote equality, diversity and inclusion for both colleagues and the Legal Ombudsman's customers. As part of this, details of any plans to measure for any disproportionality of complaint outcomes, particularly in light of the any changes to the Scheme Rules.

7. A summary of where the budget and / or plans have changed in response to stakeholder responses to consultation and a summary of any responses to that consultation.

8. The submission should confirm that the OLC has submitted a medium-term financial plan that reflects these acceptance criteria to the Ministry of Justice, and that wider engagement with the department has taken place consistent with the tripartite operating protocol.

9. A summary of the governance processes involved in preparing the submission, including confirmation that the submission has the formal support of the OLC Board.