

To:	Legal Services Board	
Date of Meeting:	7 July 2015	Item: Paper (15) 41

Title:	Q1 Performance Report: 1 April – 30 June 2015	
Workstream(s):	Business Plan 2015/16	
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Status:	OFFICIAL	

Summary:

This paper provides a summary of the Board's performance in delivering its published Business Plan commitments during Q1 2015/16 (April - June).

A narrative cover for the Ministry of Justice (MoJ) Q4 report is at **Annex A**. This includes a summary of all Section 55 information gathering notices that have been issued in this quarter (if any). The paper also contains the draft Q4 submission for the MoJ's performance reporting requirements (**Appendix 1**), the Consumer Panel's quarterly report of activity (**Appendix 2**) and a report on regulatory decisions made during the quarter (**Appendix 3**).

Recommendations:

The Board is invited to:

- 1) review and comment on the draft Q1 performance report; and
- 2) agree to its use as a basis for discussion with MoJ.

Risks and mitigations

Financial: N/A

Legal: N/A

Reputational: N/A

Resource: N/A

Consultation	Yes	No	Who / why?
Board Members:		✓	Regular performance report.
Consumer Panel:		✓	Regular performance report – report also includes Consumer Panel Q1 report.
Others:			

Freedom of Information Act 2000 (Fol)		
Para ref	Fol exemption and summary	Expires
Appendix 1, all <i>overall status</i> '	Section 36(2)(b)(ii) – information intended to promote a free and frank exchange of views for the purposes of deliberation by the Board	

LEGAL SERVICES BOARD

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Q1 Performance Report: April – June 2015

Recommendations

The Board is invited to:

- 1) review and comment on the draft Q1 performance report; and
- 2) agree to its use as a basis for discussion with MoJ.

Introduction

1. This paper provides a summary of the Board's performance in delivering its published Business Plan commitments during Q1 2015/16 (April - June 2015).
2. It also contains the draft Q1 submission for the MoJ's performance reporting requirements (**Appendix 1**), the Consumer Panel's quarterly report of activity (**Appendix 2**) and a report on statutory decisions made during the quarter (**Appendix 3**). A narrative cover for the MoJ Q1 report is at **Annex A**.

Overview

3. The LSB Business Plan for 2015/16 describes the LSB's proposed activities on a quarter-by-quarter basis. Progress against those commitments for Q1 is reported below:

Q1 2015/16 commitment	Progress
Publish summary document to discussion paper on reviewing regulatory restrictions on in-house lawyers	Work complete but publication delayed: The summary has been prepared and will be presented to July Board for review and approval to publish.
Paper to the Board analysing the impact of ending the different transitional periods provided in the Act	Complete: Paper discussed at April Board with next steps agreed for Q3 2016/17 and Q3/4 2017/18.
Benchmarking of regulators' costs	Ongoing: This work is scheduled to run through Q1 and be completed at the end of the Quarter 2.
Publish Ministerial summit reports on: <ul style="list-style-type: none">• Deregulatory achievements	Publication delayed: Work on the reports has been completed and they are due to be published in July.

<ul style="list-style-type: none"> • Potential clausal changes and options for a new legislative framework beyond the act • Alternatives to handling client money 	
Publish report on innovation in the provision of legal services	Complete: The report is finalised and is due to be published on 7 July
Publish report on small businesses legal needs survey	Delayed: Work on the report has not yet been finalised and publication will take place in September after Summer recess.
Scoping exercise on developing an understanding of different types of providers (regulated and unregulated)	Complete: A project initiation document has been prepared.
Publish research report on the impact of unbundled services on consumers (joint with Consumer Panel)	Delayed: The report has not yet been finalised but there is still an expectation that it will be in time for publication in July.
Evidence gathering and analysis of current data and tools available in the sector	Ongoing: This work has commenced and will continue on throughout Q2.
Undertake scoping exercise for a thematic review of section 112 (complaints handling arrangements)	Completed: A project initiation document has been prepared.
Approved regulators complete data return and survey of stakeholders' experience of contact with regulators is launched (regulatory standards review)	Complete: Both of these milestones were completed by the end of Q1.
Undertake scoping exercise for ADR Directive	Complete: This work has been completed.
Scoping activity for market evaluation including reviewing continued relevant of all aspects of the 2011 evaluation framework	Complete: This work has been completed.

Q4 2014/15 commitment	Progress
Conduct reviews into specific areas where existing regulation is perceived to impose unnecessary burdens	One delayed: Section 15 review – Delay due to drop in resources; plan to report findings to the Board in late summer 2015
Q3 2014/15 commitment	Progress
Publish discussion paper about indicators for regulatory reform	Re-scheduled: Proposed research has been delayed until March 2016 due to changing priorities.
Depending on outcomes of 2013/14 research into methods to support	Re-scheduled: Proposed research has been delayed until March 2016 due to changing priorities.

consumers in identifying and responding to legal problems, consider action	
Q2 2014/15 commitment	Progress
Consider action following outcomes of 2013/14 research into consumer information and on-line divorce	Research published March 2015: Outcomes being considered.

4. The table above only reports on publicly committed deliverables and, as such, does not present a full picture of the Board's achievements to date, all of which have been reported to the Board on a monthly basis through the Chief Executive's progress reports.

MoJ performance management framework

5. The draft Q1 performance report for MoJ (**Appendix 1**) contains all of the fields requested by MoJ, including headline risks for each project. Also attached is the quarterly report on applications for statutory decisions (**Appendix 2**), a quarterly report from the Consumer Panel (**Appendix 3**). A narrative cover for the MoJ Q1 report is at **Annex A**.

To: Ministry of Justice

Legal Services Board 2015/16 Q1 Performance Report

Overview of the Quarter

1. The programme highlight report at **Appendix 1** provides a comprehensive overview of the Board's work to deliver its Business Plan during Q1 2015/16. The report is based upon the LSB's overarching programme and individual project plans.
2. Attached at **Appendix 2** is a quarterly report on Consumer Panel activity, and at **Appendix 3** is an overview of our work in relation to requests for statutory decisions.
3. We have **removed** one Section 55 information requirement this quarter. The notice was issued in January 2013 to The Law Society regarding the Solicitor Regulation Authority's (SRA) alternative business structure (ABS) application process. This notice was revoked on 20 April 2015 as the SRA has now addressed many of the LSB's original concerns regarding its approach to ABS authorisation. In addition, the data the SRA has been providing has shown considerable improvement in the speed with which the SRA is dealing with ABS authorisation requests and we understand the SRA continues to review operational processes with the aim of delivering further improvements.
4. Based on an assessment of the status of individual projects, the LSB judges the status of its overarching programme to deliver its Business Plan for 2015/16 and thus its regulatory responsibilities is **Green**. This reflects that at this early stage of the business year we are largely on track to deliver our Business Plan milestones, however some re-scoping of continuing 2014/15 project level milestones and deliverables has been required, and the publication of some reports has been postponed until the end of Q2 to create a more even spread of LSB publications.
5. Matters of note not specifically addressed by the programme report include the following:

Organisation development and governance

6. This first quarter started dramatically with the fire on Kingsway meaning the LSB had to be evacuated from One Kemble Street. We were able to re-establish operations rapidly with the support of our third party IT provider with the result that all colleagues were able to work from home.

7. Three new colleagues have started with the LSB this quarter. Chris Nichols and Emma Kelly-Dempster have both joined as Regulatory Project Managers, and Stephen Brooker, previously the Consumer Panel Manager, has started his new role as Head of Research and Development.
8. There have also been significant changes in the Consumer Panel executive. Stephanie Chapman started as the Consumer Panel Associate in April and the position of Consumer Panel Manager has been offered to and accepted by Lola Bello who is due to start next quarter, in August.
9. We were delighted to hear that the Lord Chancellor and Lord Chief Justice agreed to extend the appointments of Bill Moyes and Ed Nally until 30 September 2015. This provides essential reinforcement for the Board in light of the failure to appoint a lay and non-lay member from recent recruitment rounds. The MoJ Public Appointments Team has commenced the competition to appoint a new lay member. Short listing will take place on 21 July. The non-lay competition has yet to commence but we are assured that this will be completed in time for an appointed to be made by 1 October 2015.
10. All new OLC Board Members have taken up their posts. Bernard Herdan, Michael Kaltz, Tony King, Jane McCall, and Caroline Coates all started their terms on 1 April 2015 and have attended two OLC Board meetings. We have stressed the need for appropriate induction arrangements to be put in place.
11. The LSB Audit and Risk Assurance Committee met in May. The agenda included the draft annual report of the ARAC 2014/15, the annual report on expenses, the Head of Internal Audit annual report and opinion, the NAO completion report 2014/15 and the draft LSB Annual Report and Accounts 2014/15. The ARAC also considered a paper on introducing inherent risk to the LSB's risks management process. The LSB's Annual Report and Accounts was laid in June with a clear set of accounts.
12. Constructive discussions took place with MoJ finance in June over the question of LSB FTLs. We are now preparing a small number of business cases to support requests for exemption or variation.

QASA judicial review

13. The Supreme Court ruled on the challenge to LSB's decision to approved changes to regulatory arrangements to implement QASA. The appeal by members of the criminal Bar was dismissed.

Relations with OLC

14. The Board have been updated regularly on developments at the OLC. This has included discussion on performance in light of Terry Babbs and Jenny Hart

meeting OLC and Legal Ombudsman colleagues in May to review KPI performance. Whilst discussion focused primarily on performance, the opportunity was also taken to reiterate to Michael Kaltz, the new lead OLC non-executive for this area, the purpose and importance of these meetings and to discuss updates around the review of LeO structures and Scheme Rules.

15. At the time of drafting, the OLC had just submitted its application for certification as an ADR entity. This follows constructive discussion with LeO colleagues on an earlier draft. The final application will be present it to the Board sub-committee with recommendations regarding approval. It is unlikely that certification will take place before 9 July, the original target date; however, due to the signposting requirements go-live date being pushed back until 1 October, some of the pressure to certify the Legal Ombudsman by 9 July has been removed.
16. The LSB used its power under section 121 of the Act to set performance targets relating to timeliness, unit cost and quality to act as ‘trigger thresholds’ – in the sense that performance below these levels would trigger an obligations (under section 120 of the Act) on the OLC to explain to the LSB why performance had slipped to this level and what steps the OLC is taking to remedy the situation. The LSB has also used its powers under section 120 to require the OLC to provide a report to the LSB by 1 November 2015 that, amongst other things, sets out the OLC’s proposals for a comprehensive framework for key performance indicators and performance measures to apply to the performance of the Legal Ombudsman scheme from April 2016 onwards. There is a requirement for an interim report on progress to be sent by 1 September.

Communications and stakeholder relations

17. The report on the first phase of the cost of regulation project was published before the start of purdah, as were the reports on online / DIY divorce, the Diversity Review and the three year strategic plan and 2015/16 business plan. Our research on online divorce was picked up by Radio 4 You and Yours programme.
18. Caroline Wallace took part in a panel discussion at the 360 Group annual conference.
19. The LSB twitter account now has 909 followers. This account proved useful in informing the general public of the difficulties the office faced in the days immediately after the Kingsway fire.
20. Our Chair spoke at the Georgetown University event on 24 April.
21. We are developing plans to fulfil the Board’s commitment to hold a public event at some point this year. Our current thinking is the following:

- Hold the event on the day of the 26 November Board meeting from about 1630 to 1830, based on a similar format to the event held in Cardiff last year.
- Hold the event out of London, possibly Leeds, in partnership with the local Law Society, Bar Circuit and other key local stakeholders.
- Undertake the event in conjunction with Legal Services Consumer Panel and OLC, so we that can each explain our respective roles and priorities, and thereby make the event useful for as many potential attendees as possible.

22. We are in the process of organising two Board to Board engagements for later this year with the SRA and BSB. These build on the approach I discussed last month of keeping it small in number, informal and focused.