

## QUARTERLY PROJECT HIGHLIGHT REPORT

**PROGRAMME/POLICY AREA:** Breaking down regulatory barriers

As the traditional boundaries between different legal professions and business models disappear, regulation must keep pace with market developments. Work here is designed to ensure that unnecessary regulation that can stifle positive change is removed, thereby delivering the benefits of competition, growth and innovation. Through our work, we hope to achieve more choice for consumers and less unmet need; a greater range of business models in the sector, with increasingly diverse service provision and an increased ability for service providers to be agile and respond to changing patterns of demand: and a smaller number of streamlined and simplified regulatory arrangements.

**LINK TO REGULATORY OBJECTIVES:** RO1, RO3, RO5, RO6

### PROJECT HEADLINES

#### **Milestones achieved in Q1 15/16 reporting period:**

##### **Reviewing regulatory restrictions on in-house lawyers (section 15):**

- Successful project handover to a new Project Manager
- Discussion paper complete and going to the July Board for consideration

##### **Analysing the impact of ending the different transitional periods**

- A paper on this went to the Board in April suggesting that the work to end the transitional protections provided by s.23 and Sch 5 are postponed to Q3 2016/17 and Q4 2017/18 respectively. This work has now been added to the future commitments register along with reminders for periodic monitoring of indicators relating to firms with rights under Sch 5.
- Updated content for the website has been drafted and will be published in the first few weeks of July

##### **Cost of regulation:**

- The in depth research is now complete.
- Publication of results has been delayed as the report requires refinement. The publication may move to September to allow time for the reports to be finalised and to spread out the LSB publications due out in July. This is still in line with the Business Plan timetable.

##### **Ministerial summit work:**

- Work has been completed on reports on deregulatory achievements, potential clausal changes and options for a new legislative framework beyond the Act, and a shared resource report on alternatives to handling client money.

##### **Innovation in the provision of legal services:**

- Work on this is now complete and the report will be published at the start of next quarter.

#### **Key activities for Q2 15/16 reporting period:**

- Section 15 discussion paper published in July
- Section 15 draft report to Board on recommendations
- Publish recommendations on section 15 and set out next steps
- Stakeholder update to three ARs on the transitional periods project
- Publication of in depth research
- Results of the benchmarking exercise and draft of the final report to go to the Board (tbc)
- Publication of the three reports resulting from the Ministerial summit
- Publication of final report on Innovation in the provision of legal services

PROGRESS AGAINST BUSINESS PLAN MILESTONES		
PROJECT	BUSINESS PLAN MILESTONE	STATUS
Reviewing regulatory restrictions on in-house lawyers	Publish response document to discussion paper	Due end of Q1 Delayed by 2 weeks
	Report to Board with report and recommendations	Due end of Q2
Analysing the impact of ending the different transitional periods	Board paper	Complete
Cost of regulation	Benchmarking of regulators' costs	Due end of Q2
	Publish "in depth" research report	Due end of Q2
	Report to the Board	Due end of Q3
	Undertake scoping exercise for any further work	Due end of Q3
Ministerial summit work	Publish report on deregulatory achievements	Due end of Q1 Delayed – start of Q2
	Publish report on potential clausal changes and options for a new legislative framework beyond the Act	Due end of Q1 Delayed – start of Q2
	Publish shared resource report on alternatives to handling client money	Due end of Q1 Delayed – start of Q2
Innovation in the provision of legal services	Publish report	Due end of Q1 Delayed – complete by time of Board

RISKS (new or raised):				
There are no new or raised risks this quarter.				

OVERALL STATUS:	
4	[REDACTED]
3	
2	
1	

# QUARTERLY PROJECT HIGHLIGHT REPORT

**PROGRAMME/POLICY AREA:** Unmet legal need

Legal services must be affordable and accessible, consumers must be able to make informed choices to take advantage of the range of services that a more dynamic market will offer, and appropriate protections for consumers and the public interest must be secured. We want consumers to be able to meet their legal needs conveniently, affordably and effectively, and we want to improve the extent to which need for legal services is met. We want small businesses to be able to grow by being able to access the legal services they need at a price they can afford. We aim to improve our – and service providers’ – understanding of the consumer’s journey through the legal services landscape, and how we can target our activity in this area (whether by type of consumer, area of law or legal activity) to have the most beneficial effect for consumers.

**LINK TO REGULATORY OBJECTIVES:** RO1, RO3, RO4, RO7

## PROJECT HEADLINES

### **Milestones achieved in Q1 15/16 reporting period:**

#### **Legal needs research:**

- The report on small businesses legal needs has been drafted and is in the process of being finalised. Publication has been postponed until September to spread LSB publications more evenly throughout the year.
- Held tendering process for Individual legal needs work using UKSBS framework, interviewed 3 bidders, and offered the contract to one of them. Awaiting confirmation of the costs.

#### **Research into different types of provider:**

- Scoping exercise completed.
- Definition of “legal services” and categorisation agreed with project sponsor. Paper explaining approach circulated to Gateway for comment.
- Research business case prepared and shared with project sponsor and Caroline Wallace. Approach agreed subject to formal sign off of Spec in August.

#### **Unbundled services research:**

- Draft of report completed
- Publication of report

#### **Accessing services:**

- PID completed and scoping underway

#### **Thematic review of s112 (complaints):**

- PID and scoping paper completed
- Successful project handover to a new Project Manager

#### **Diversity:**

- Scoping for this project is now complete and a paper will go to the July GWG.

### **Key activities for Q2 15/16 reporting period:**

- Publication of small businesses legal needs report
- Create, test and launch the survey on individual consumers legal needs
- Produce initial mapping of the unregulated sector
- Issue tender for research into different types of provider
- Obtain in-house legal opinion of scope of section 163
- Establishing illustrative barriers for the accessing services project

- Identifying regulators and other bodies in related sectors that should be involved in the accessing services evidence gathering
- Initial desk-based research into other sectors for accessing services project
- Open data project starts, with finalisation of project documentation and start of evidence gathering and analysis
- Stakeholder review sessions and current market assessment for open data project
- Next steps in the diversity project include commencing the project planning, data gathering and stakeholder engagement.

#### PROGRESS AGAINST BUSINESS PLAN MILESTONES

PROJECT	BUSINESS PLAN MILESTONE	STATUS
<b>Legal needs research</b>	Individual consumers survey	Due end of Q3
	Publish report on small businesses legal needs survey	Due end of Q1 Postponed until end of Q2
	Publish report on legal needs of consumers	Due end of Q4
<b>Research into different types of provider</b>	Undertake scoping exercise	Complete
	Undertake analysis of powers in section 163 of the Act (voluntary arrangements)	Due end of Q2
	Undertake research into unregulated providers of legal services	Due end of Q3
	Publish research report on unregulated providers of legal services	Due end of Q4
<b>Unbundled services research</b>	Publish research report	Due end of Q1 Postponed until end of Q2
<b>Accessing services</b>	Evidence gathering	Due end of Q2 Rescoped – now due end of Q3
	Publish report on innovations in other sectors (e.g. health and financial services)	Due end of Q3
	Publish accessibility report encompassing findings on legal needs survey	Due end of Q4
<b>Open data and markets</b>	Evidence gathering and analysis of current data and tools available in legal sector	Due end of Q2
	Review arrangements in other sectors	Due end of Q3
	Undertake research into quality and price information	Due end of Q3
	Publish report and recommendations	Due end of Q4
<b>Thematic review of s112 (complaints)</b>	Undertake scoping exercise	Complete
	Stakeholder review	Due end of Q2
	Assess implications for ADR directive requirements	Due end of Q3
	Decision document for Board	Due end of Q4
<b>Diversity</b>	Milestones to be developed in PID process	TBC

**RISKS (new or raised):**

There are no new or raised risks this quarter.

**OVERALL STATUS:**

- 4
- 3
- 2
- 1

[REDACTED]

# QUARTERLY PROJECT HIGHLIGHT REPORT

**PROGRAMME/POLICY AREA:** Performance, evaluation and oversight

The Act gives us a range of responsibilities that we fulfil through our programme of performance, evaluation and oversight activities. These range from approving new designations and requests for changes to regulatory arrangements to monitoring the performance of approved regulators in delivering the requirements of the Act and evaluating the Act's impact. We also oversee the OLC's performance in administering the Legal Ombudsman scheme, approve the OLC's budget and consent to their Scheme Rules. In 2015/16, the LSB will also deliver its new functions as competent authority for the OLC in line with The Alternative Dispute Resolution for Consumer Disputes (Competent Authorities and Information) Regulations 2015.

**LINK TO REGULATORY OBJECTIVES:** RO1, RO2, RO6, RO8

## PROJECT HEADLINES

### Milestones achieved in Q1 15/16 reporting period:

#### **Regulatory Standards review**

- A criteria for a satisfactory rating (against the regulatory standards) has been put together and will now be tested over the summer
- A model targeted self-assessment template has been produced.
- Identified stakeholders who would be useful to meet to hear their views on the regulator
- Approved regulators have completed their data return
- Survey on stakeholders' experience of contact with regulators launched and will remain open

#### **ADR Directive:**

- Agreed an appropriate way forward with LeO regarding issues such as grounds for dismissal and times limits
- Received draft LeO application
- Met with LeO colleagues to work through application issues

#### **Market evaluation:**

- PID received and approved by June Gateway with minor changes
- Analysis of data started

### Key activities for Q2 15/16 reporting period:

- Contact stakeholders to arrange a meeting to hear their views on regulators
- The self-assessment template will be prepopulated in the first two weeks of July. To pre-populate the templates, a number of evidence sources are being analysed including: survey data collected over a six week period, previous LSB reports and the completed data requests
- Receive final ADR application from LeO
- Certify LeO as an ADR entity if appropriate to do so
- Implement processes to ensure the LSB fulfils its obligations as a competent authority
- Further data analysis and literature review for the market evaluation project
- Commissioning primary research for market evaluation project

## PROGRESS AGAINST BUSINESS PLAN MILESTONES

Regulatory Standards review	Approved regulators complete data return	Complete
	Undertake a survey of stakeholders' experience of contact with regulators	Complete
	Approved regulators submit self-assessments to the LSB	Due end of Q3
	Report to the Board and recommendations	Due end of Q4

ADR Directive	Undertake scoping exercise	Complete
	Implement protocols	Due end of Q2
Market evaluation	Scoping activity including reviewing continued relevance of all aspects of the 2011 evaluation framework	Complete
	Evidence gathering and analysis	Due end of Q3
	Publish report	Due end of Q4

**RISKS (new or raised):**

There are no red rated risks this quarter.

**OVERALL STATUS:**

4	[REDACTED]
3	
2	
1	

# QUARTERLY HIGHLIGHT REPORT

**PROGRAMME/POLICY AREA:** External relations

Communications and public affairs

**LINK TO REGULATORY OBJECTIVES:** All

## PROJECT HEADLINES

### **Key achievements of Q1 15/16 reporting period:**

- Chairman and Research Manager spoke at Georgetown University Law Centre conference on legal services reform
- First interview for new Chief Executive with external media (Legal Futures)
- Regulatory standards survey launched
- Annual report published
- Engaged with Welsh Government's review of legal services in Wales
- Responded to Supreme Court QASA judgement
- Chairman spoke at a Law Society event for outgoing President
- Representatives of the LSB spoke at Birmingham Law School Conference

### **Key activities for Q2 15/16 reporting period:**

- Article drafted for Modern Law Magazine and interview arranged with Chief Executive (early Sep)
- A number of innovation reports to be published (*innovation in legal services, update on small business' legal needs, the impact of 'unbundled' services in legal services, publishing the results of in-depth provider interview, etc.*) (ongoing)
- Chief Executive to speak at Westminster Legal Policy Forum event on *innovation in legal services* (early July)
- Event to focus on findings of *innovation in legal services* and *update on small business' legal needs* (mid Sep)
- Newsletter to new MPs

## RISKS (new or raised):

There are no new or raised risks this quarter.

## OVERALL STATUS:

4
3
2
1

[REDACTED]



# QUARTERLY HIGHLIGHT REPORT

**PROGRAMME/POLICY AREA:** Finance and funding mechanism (Levy)

Finance

**LINK TO REGULATORY OBJECTIVES:** n/a

## PROJECT HEADLINES

### Milestones achieved in Q1 15/16 reporting period:

- Monthly financial reports for monitoring of LSB's spending position to the Board, Executive Group and budget holders
- Finalised 2015/16 budget analysis for MoJ (for tracking and monitoring purposes) and LSB Executive Group and budget holders for resource management purposes
- Completed Annual Report and Accounts for statutory audit and Audit and Risk Committee and Board scrutiny and approval. This was laid in Parliament and published on 9 June 2015
- Prepared and submitted Q4 financial consolidation for MoJ corporate finance team
- Provided regular monthly submissions and reports to MoJ in line with reporting dates
- Collected information from approved regulators as per The Legal Services Act 2007 (Levy) (No. 2) Rules 2010 and as amended in 2014
- Issued notice of estimated levy contributions for 2015/16 to approved regulators.

### Key activities for Q2 15/16 reporting period:

- Provide monthly financial report for monitoring of LSB's spending position to the Board, Executive Group and budget holders
- Work with legal team to determine and then collect outstanding costs from claimants in relation to the judicial review of the Quality Assurance Scheme for Advocates following the Courts' (High, Appeal and Supreme) decision to uphold our decision
- Prepare draft budget for 2016/17 for consideration by Board including associated appendices and comparisons
- Monthly financial reports for monitoring of LSB's spending position to the Board, Executive Group and budget holders

## RISKS (new or raised):

There are no new or raised risks this quarter.

## OVERALL STATUS:

4	[REDACTED]
3	
2	
1	

# QUARTERLY HIGHLIGHT REPORT

**PROGRAMME/POLICY AREA:** Risk

Ensuring that a system of risk management is maintained to inform decisions on financial and operational planning. All projects are risk assessed and measures taken to mitigate or exploit are integral to planning, approval and operational activities

**LINK TO REGULATORY OBJECTIVES:** See individual work streams

## PROJECT HEADLINES

### Milestones achieved in Q1 15/16 reporting period:

- Regular review of risk at Gateway meetings
- Six-monthly review of risk register by Board
- Review of risk register by ARAC
- ARAC agreement to introduce inherent risk ratings to the LSB's risk management procedure on a pilot basis
- PESTLE analysis to determine operating environment in 2015/16

### Key activities for Q2 15/16 reporting period:

- Bottom up review of the risk register by Gateway Group
- Introduction of inherent risk to the risk management procedure
- Regular review of risk at Gateway meetings

## RISKS (new or raised):

There are no new or raised risks this quarter.

## OVERALL STATUS:

4  
3  
2  
1

[REDACTED]