

## 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 16/17 reporting period:

##### 2015/16 Projects

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

- All regulators signed off their transparency reports.
- Reports were approved by the April Board and published 24 May
- This project as it appears on the Business Plan 2016/17 has been completed. Further work on this area will initiate a new project.

##### **Choice of insurer:**

- Discussion of project with the CMA in April
- Draft publication considered at the May Board
- Publication of LSB report and Regulatory Policy Institute advice was moved from the end of June to early July to allow for the release of other LSB publications delayed by purdah

##### 2016/17 Projects

##### **Regulatory costs:**

- The publication of the cost of regulation report has been used to initiate a new project on scrutiny of regulatory costs with a focus on identifying opportunities for savings
- A new project team has been established

##### **Legislative change**

- Meetings have been held with the CMA market study team

##### **Barriers to investment**

- Project team established

#### Key activities for Q2 16/17 reporting period:

- Choice of insurer: Publication of LSB report and Regulatory Policy Institute advice
- Regulatory costs: A PID detailing ongoing work in the area will be produced and approved by SLT
- Legislative change: Give an oral update to the July Board and a full discussion in September
- Barriers to investment: PID to be drafted in the next Quarter

### PROGRESS AGAINST 15/16 BUSINESS PLAN MILESTONES

PROJECT	BUSINESS PLAN MILESTONE	STATUS
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<b>Reviewing regulatory restrictions on in-house lawyers</b>	Publish response document to discussion paper	Complete
	Report to Board with report and recommendations	Complete
<b>Analysing the impact of ending the different transitional periods</b>	Board paper	Complete
<b>Special bodies</b>	Undertake scoping exercise	Project closed
<b>Cost of regulation</b>	Work on transparency of costs of regulators	Complete
	Publish "in depth" research report	Complete
	Report to the Board on transparency reports	Complete
	Undertake scoping exercise for any further work	Complete
<b>Ministerial summit work</b>	Publish report on deregulatory achievements	Complete
	Publish report on potential clausal changes and options for a new legislative framework beyond the Act	Complete
	Publish shared resource report on alternatives to handling client money	Complete
<b>Choice of Insurer</b>	Undertake scoping exercise	Complete
	Identify and evaluate relevant regulatory restrictions	Complete
	Complete assessment of regulatory restrictions against legislative requirements (Board paper and publication)	Due end of Q4 – Delayed into Q2 16/17
<b>Review of rules change process</b>	Undertake assessment of current processes including recommendations for change	Complete
	Publish consultation if necessary	Complete – consultation not judged necessary
<b>Innovation in the provision of legal services</b>	Publish report	Complete

#### PROGRESS AGAINST 16/17 BUSINESS PLAN MILESTONES

PROJECT	BUSINESS PLAN MILESTONE	STATUS
<b>Improving scrutiny of regulatory costs and identifying opportunities for savings</b>	Publish report to 2015/16 cost of regulation project	Complete
<b>Identifying ways in which legislation needs to change to keep pace with the legal services sector</b>	Engage with CMA and government consultation	In progress: throughout Quarters 1 and 2
<b>Making sure that regulation does not unnecessarily deter entry, innovation and investment</b>	Publish report	Due in Quarter 4

#### RISKS (new or raised):

Risk	Impact	Likelihood	Overall	Action taken
[REDACTED]				

#### OVERALL STATUS:

4	[REDACTED]
3	
2	



# 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 16/17 reporting period:**

#### **2015/16 Projects**

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

- Published report jointly with TLS on 23 May
- LSB report on legal needs of consumers to be published as part of the Market Evaluation report
- This project as it appears on the Business Plan 2016/17 has been completed

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

- Report and paper submitted to April Board and approved
- Mapping report finalised in May
- Reports published 28 June
- This project as it appears on the Business Plan 2016/17 has been completed

##### **Affordability**

- Submitted paper on definition and illustrative examples to April Board

##### **Accessing services:**

- Accessibility report published
- This project as it appears on the Business Plan 2016/17 has been completed

##### **Open data:**

- LSB officially responded to LSCP on the three recommendations aimed at the LSB
- Project report published
- This project as it appears on the Business Plan 2016/17 has been completed. Further work on this area will initiate a new project.

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

- The decision document submitted the May Board meeting and the updated requirements and guidance were agreed to, subject to minor changes.
- The final draft was circulated to Board members and responses are due back 8 July.

##### **Diversity:**

- Report published on website

- This project as it appears on the Business Plan 2016/17 has been completed. Further work on this area will initiate a new project.

### **2016/17 Projects**

#### **Encouraging market entry:**

- This project continues on from the 2015/16 open data project
- A new project team has been established

#### **Responding to emerging market risks:**

- A new project team has been established
- A PID has been drafted

#### **Vulnerable consumers:**

- A new project team has been established

#### **Key activities for Q2 16/17 reporting period:**

- Thematic review of s112: Publication of finalised requirements and guidance in July
- Affordability: Document uploaded to the LSB website
- Emerging market risks: PID to be submitted to and discussed by SLT
- Vulnerable consumers: PID to be submitted to and discussed by SLT

### **PROGRESS AGAINST 2015/16 BUSINESS PLAN MILESTONES**

PROJECT	BUSINESS PLAN MILESTONE	STATUS
<b>Legal needs research</b>	Individual consumers survey	Complete
	Publish report on small businesses legal needs survey	Complete
	Publish report on legal needs of consumers	Due end of Q4 – Delayed into Q2 16/17
<b>Research into different types of provider</b>	Undertake scoping exercise	Complete
	Undertake analysis of powers in section 163 of the Act (voluntary arrangements)	Complete
	Undertake research into unregulated providers of legal services	Complete
	Publish research report on unregulated providers of legal services	Complete
<b>Unbundled services research</b>	Publish research report	Complete
<b>Affordability</b>	Undertake scoping exercise	Complete
	Evidence gathering into what ‘affordability’ means for legal services	Complete
	Publish report	Work complete but publication delayed into Q2
<b>Accessing services</b>	Evidence gathering	Complete
	Publish report on innovations in other sectors (e.g. health and financial services)	Complete
	Publish accessibility report encompassing findings on legal needs survey	Complete
<b>Open data and markets</b>	Evidence gathering and analysis of current data and tools available in legal sector	Complete
	Review arrangements in other sectors	Complete

	Undertake research into quality and price information	Complete
	Board report and recommendations	Complete
<b>Thematic review of s112 (complaints)</b>	Undertake scoping exercise	Complete
	Stakeholder review	Complete
	Assess implications for ADR directive requirements	Complete
	Decision document for Board	Complete but publication now due in Q2
<b>Trading behaviour risks</b>	Undertake scoping exercise and engage with appropriate external bodies	Complete
<b>Diversity</b>	Board report	Complete

<b>PROGRESS AGAINST 16/17 BUSINESS PLAN MILESTONES</b>		
<b>PROJECT</b>	<b>BUSINESS PLAN MILESTONE</b>	<b>STATUS</b>
<b>Encouraging market entry by comparison websites by unlocking regulatory data and helping consumers choose and use legal services</b>	Respond to Panel advice	Complete
	Reassess after CMA interim report	Due in Quarter 2
<b>Responding to emerging market risks</b>	Publish report	Due in Quarter 3
<b>Understanding how vulnerable consumers access legal services</b>	Publish report	Due in Quarter 4

<b>RISKS (new or raised):</b>				
<b>Risk</b>	<b>Impact</b>	<b>Likelihood</b>	<b>Overall</b>	<b>Action taken</b>
<b>[REDACTED]</b>				

<b>OVERALL STATUS:</b>	
4	<b>[REDACTED]</b>
3	
2	
1	

# 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 if called upon.

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

## PROJECT HEADLINES

### Milestones achieved in Q1 16/17 reporting period:

#### 2015/16 Projects

##### **Regulatory Standards review**

- Reports and action plans have been shared with the relevant regulators
- The Board considered the update report on this project this at its April meeting
- This project as it appears on the Business Plan 2016/17 has been completed. Further work on this area will initiate a new project.

##### **Market Evaluation:**

- Publication of price index report
- Completed segment by segment analysis for the annex
- Final report and summary discussed at May Board meeting

#### 2016/17 Projects

##### **Holding regulators to account for their performance:**

- This project is the next phase of the regulatory standards project
- A project team has been established
- The project PID was drafted and approved by the June SLT

##### **Diversity:**

- This project is the next phase of the 2015/16 diversity project
- A project team has been established
- The project PID was drafted and approved by the June SLT

##### **Changing shape of legal regulation:**

- A project team has been established
- Work is due to start on this project in Q2

### Key activities for Q2 16/17 reporting period:

- Market Evaluation: Publish report and associated data analysis (due early July)
- Regulatory performance: identify what key performance management data needs to be collected
- Regulatory performance: identify information sources which should be monitored
- Diversity: publish consultation on LSB diversity guidance
- Changing shape of regulation: PID to be drafted and approved

## PROGRESS AGAINST 2015/16 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	Complete
	Report to the Board and recommendations	Complete
ADR Directive	Undertake scoping exercise	Complete
	Implement protocols	Closed down
Market evaluation	Scoping activity including reviewing continued relevance of all aspects of the 2011 evaluation framework	Complete
	Evidence gathering and analysis	Complete
	Publish report	Due end of Q4 – Delayed into Q2 16/17

PROGRESS AGAINST 16/17 BUSINESS PLAN MILESTONES		
PROJECT	BUSINESS PLAN MILESTONE	STATUS
<b>Holding regulators to account for their performance</b>	Publish report and action plans	Complete
	Review project for further work	Due in Quarter 2
<b>Diversity – the role of regulators in driving improvement</b>	Publish consultation	Delayed into Quarter 2
	Publish consultation response and implement outcome	Quarter 2-Quarter 3
<b>Identifying the benefits and risks associated with the changing shape of legal services regulation</b>	Internal review of emerging findings	Quarter 2-Quarter 3

RISKS (new or raised):				
Risk	Impact	Likelihood	Overall	Action taken
[REDACTED]				

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 16/17 reporting period:

- The LSB published a number of pieces of research in this quarter:
  - *Prices of Individual Consumer Legal Services* which proved that shopping around for legal services can save the consumer money
  - *Research into the public access scheme* jointly with the Bar Standards Board
  - the *largest ever survey of legal needs in England and Wales* which we undertook jointly with the Law Society
  - a report into the *unregulated part of the legal services sector*, and
  - the latest *periodic evaluation of the changes in the legal services market* since the Legal Services Act was passed
- We published the conclusions of our latest **performance reviews of the eight legal service regulators** alongside individual performance reports for each regulator in May.
- We also published the latest findings of our **cost of regulation** project and sets out the next steps for further investigation and analysis.
- The Chief Executive did one-on-one interviews with **Modern Law Magazine** and **Legal Futures**.
- Representatives of the LSB spoke at a number of conferences in this period including:
  - A Legal Compliance Association event on in-house lawyers, and
  - A Solicitors Journal event on how will legal services firms be regulated in 2020
- The Chief Executive travelled to Cardiff to meet **representatives of the Welsh Government**. He met the Head of Justice Policy and representatives from the Welsh Government's legal service, the office of the Counsel General and the business development side of things.
- The Chairman and Chief Executive met with **Lord Faulks** prior to the laying of the Annual Report 2015/16
- During this period numerous stakeholder meetings took place including with:
  - representative of the judiciary
  - members of the House of Lords
  - the City of London Law Society
  - 360 Legal Group
  - Coop Legal Services, etc.

### Key activities for Q2 16/17 reporting period:

- The annual report 2015/16 will be published.
- Representatives of the LSB will speak at a number of events including:
  - An SRA trust and markets conference
  - A Westminster Legal Policy forum event
- Policy work on *choice of insurers, first tier complaints handling* will be published.
- Consultations on *diversity* and a *section 69 order* for the BSB are due to start.
- Articles will be submitted to *Modern Law magazine* and the *Costs Lawyer magazine*.

**RISKS (new or raised):**

[REDACTED]

**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 2016/17 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 is due to be laid in Parliament and published on 7 July 2016. The Report was originally scheduled to be laid on 26 May but No.10 blocked the laying of all Reports until after the result of the Referendum.
- 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 to enable estimates to be given to approved regulators of their respective likely levy contribution for 2016/17.

### **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
- Prepare draft budget for 2017/18 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
- Prepare delegation letters for the Accounting Officer to issue once the MoJ has sent a budget delegation letter to the LSB for 2016/17.

## RISKS (new or raised):

[REDACTED]

## OVERALL STATUS:

4

3

2

1

[REDACTED]

# 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 16/17 reporting period:**

- Regular review of risk at SLT meetings
- Review of risk register by ARAC (May)
- Six-monthly review of risk register by Board (May)
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### **Key activities for Q2 16/17 reporting period:**

- Regular review of risk at SLT meetings

## RISKS (new or raised):

[REDACTED]

## OVERALL STATUS:

4	[REDACTED]
3	
2	
1	