

To:	Legal Services Board	
Date of Meeting:	14 July 2016	Item: Paper (16) 49

Title:	Q1 Performance Report: 1 April – 30 June 2016	
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 2016/17 (April – June 2016).

The report provides the basis for our quarterly performance report to the Ministry of Justice (MoJ) as our sponsoring Department. It is presented in the format which has been agreed with the MoJ over past years.

A narrative cover for the MoJ Q1 report is at **Annex A**.

The paper 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 regulatory decisions made during the quarter (**Appendix 3**).

Recommendations:

The Board is invited to:

- 1) review the 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 Risks and Overall status	S36(2)(b)(i): disclosure would inhibit the free and frank provision of advice	

LEGAL SERVICES BOARD

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Q1 Performance Report: April – June 2016

Recommendations

The Board is invited to:

- 1) review the 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 2016/17 (April – June 2016).
2. It also contains the proposed 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 2016/17 describes the LSB's proposed activities on a quarter-by-quarter basis. Progress against those commitments for Q1 is reported below.
4. The table below 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 regular basis through the Chief Executive's progress reports and the monthly Programme Board reports circulated outside of Board meetings.

Q1 2016/17 commitment	Progress
Publish report on improving scrutiny of regulatory costs	Complete: This report has been published and has been used to initiate a new project on improving scrutiny of regulatory costs and identifying opportunities for savings
Engage with CMA and government consultation	In progress (due to complete in Q2): Meetings have been held with the CMA market study team
Respond to Panel advice on their open data commission	Complete: The LSB responded officially to the LSCP on their recommendations in May

Publish report and action plans for the regulatory standards project	Complete: This work was published on 30 June.
Publish consultation on changes to LSB diversity guidance	Delayed: The consultation will now be published in Q2.
Publish market evaluation report	Delayed but now complete: The report was published on 4 July.

Q4 2015/16 commitment	Progress
Publish transparency reports for cost of regulation project	Complete: Reports were published on 24 May
Publish report on legal needs of consumers	Complete: Reports were published on 24 May
Publish research report on unregulated providers of legal services	Complete: Reports were published on 28 June
Publish report on the definition of 'affordable' legal services	Delayed into Q2: The Board considered and approved this paper in April and it will be uploaded to the LSB website in July
Publish report and recommendations of open data and markets work	Complete: The report was published 23 March and we responded officially to the LSCP on their open data commission 25 April

Q3 2015/16 commitment	Progress
Choice of insurer: identify and evaluate relevant regulator restrictions and complete an assessment of regulatory restrictions against legislative requirements	Complete pending publication: Executive work has been completed but publication was moved from end of Q1 into Q2 to allow for release of other publications delayed by purdah.

MoJ performance management framework

- 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 2016/17 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 2016/17. 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 not issued any Section 55 requests this quarter.
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 2016/17, 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. Projects continuing on from 2015/16 are also on track to deliver against their revised timetables.
5. Matters of note not specifically addressed by the programme report include the following:

Organisation development and governance

6. One Regulatory Project Manager and one Regulatory Associate handed in their notice this quarter and another Regulatory Project Manager has now left on maternity leave. The temporary Regulatory Project Manager vacancy caused by the maternity leave has been filled via internal recruitment.
7. MoJ approval was received to fill all of the prevailing Project Manager and Associate vacancies and this is underway and progressing well.
8. The number of vacancies currently being experienced is naturally creating a pressure on LSB resources but this risk is being monitored closely. Providing we can recruit quickly we do not expect significant problems relating to delivery of our programme.
9. Jemima Coleman and Michael Smyth CBE QC (Hon) were appointed to the Board on 17 April, and have completed induction and attended Board meetings. The process to identify two new lay members has commenced with interviews

being held in Quarter 1. We understand that these interviews have resulted in recommendations being made to the Lord Chancellor.

10. The Board continues to carry a risk that without full lay-member attendance at Board meetings, we may fail to have a lay-majority. We are assured, however, that the Board can continue to perform its statutory functions legitimately.
11. The LSB Audit and Risk Assurance Committee met in May. The agenda included agreeing the draft Annual Report and Accounts, noting the KPMG internal audit report and the NAO completion report and noting a paper regarding lessons for the LSB from the Grant Thornton review of the OLC.
12. The series of 'emergency spending controls' introduced by MoJ in Quarter 2 2015/16 will be continuing into 2016/17. Areas affected include travel, away days, conferences and catering, engaging consultants, recruiting new colleagues and marketing and communications.

Relations with OLC

13. The Board has been updated regularly on developments at the OLC.
14. Further to the Board's decision in March, a new Section 120 performance reporting requirement was placed on the OLC this quarter (15 April). At the time of drafting, we have received two statistical reports, for April and May. There has been a slight improvement in the timeliness statistics and a slight increase in cost per complaint and cost per investigation, although the one off costs of buying out the flexible benefits scheme are included in those calculations. The quality data will be included when it is available next Quarter. We expect their first full s120 report in mid-July and a meeting has been arranged for OLC Chair Steve Green and the LSB Chairman to discuss this.
15. The Legal Ombudsman published its 'service principles' earlier this Quarter. This comes after a programme of work to understand its customer needs informed by research from ESRO and advice from the LSCP. The service principles can be found on the Legal Ombudsman website. LeO confirm that these principles will be the basis from future work linked to their customer satisfaction survey and quality framework.
16. In April, Neil Buckley attended the OLC ARAC meeting and in May Neil and Mike Pitt met Steve Green and Nick Hawkins to discuss a number of issues including the OLC's new KPI framework and performance matters, the respective roles of the LSB and OLC within that, and actions flowing from the Grant Thornton report including the development of the three-way operating protocol. Board appointments were also discussed. A number of these issues were followed up at the LeO/LSB CEO's meeting later in May.

17. The Legal Ombudsman continue to consider reviewing their scheme rules and their case fee regime and have kept LSB apprised of their position and thinking on these areas. Their potential reapplication to become an approved ADR entity will be discussed by the OLC Board in Quarter 2.

Communications and stakeholder relations

Meetings to note

18. The Chairman joined Birmingham Law Society's Council meeting on 30 March. He outlined the LSB's current priorities, and discussed respective views of ongoing developments in legal services.

19. On 11 May the quarterly Regulators CEOs meeting was held at LSB offices. There has been good progress in the workstreams including run off cover and disciplinary tribunals. The meeting also discussed the issue of file retention and destruction.

20. On 22 June Neil Buckley travelled to Cardiff to meet representatives of the Welsh Regional Government. In a constructive meeting Neil met with Andrew Felton the Head of Justice Policy for the Welsh Government and representatives of the Government's legal services and the office of the Counsel General. It was agreed that the LSB should formally meet with the Welsh Government every six or so months. It was also agreed that the next meeting (November / December) should involve a meeting with newly appointed Counsel General for Wales (Mick Antoniw AM) and the Cabinet Secretary who has responsibility for Justice as part of his portfolio (Carl Sargeant AM).

Publications and media engagement

21. On 30 March (but not reported in last quarter's report), we published our decision on the BSB licensing application.

22. Our 'Lowering barriers to accessing service' research was published on 31 March (but again not caught in last Quarter's report). It received some interesting media coverage including questions about the research from further afield with the LSB being contacted from American, Australia and Ireland about it. The report's publication was also widely picked up by the legal press. BBC Radio 4's You & Yours programme ran a piece on it on Monday 18 April. Neil Buckley provided an introduction to the key points in the report following which Jonathan Smithers (President of The Law Society) and a representative of the Campaign for Plain English had a discussion about the issues it highlights.

23. Our 'Prices of Individual Consumer Legal Services' research was published on 5 April. A journalists' briefing was held to promote the research and this led to wide coverage in the national and trade press, including the Times and the 'front page' of The Guardian's digital edition.

24. The LSB's Regulatory Standards review reports were published on 10 April. Significant trade press attention was given to the reports the following day, with

various publications (and organisations) using the findings of the reports to back up/highlight positions and views.

25. Our Business Plan was published on 12 April.
26. LSB colleagues spoke at three conferences. The first, the Legal Compliance Association event (28 April) on in-house lawyers, at which Kate Webb took those present through the LSB's views on in-house lawyers and discussed our recent statement on the issue. The second, run by Wilmington Group, publishers of the Solicitors Journal (11 May) where Caroline Wallace spoke on a panel with the SRA and Law Society about the future of legal services regulation. The third involved Caroline Wallace attending and speaking at an Organisation for Economic Co-operation and Development (OECD) event on Competition and Regulation (13 June). She spoke to those present about regulation and innovation in legal services in England and Wales.
27. The LSB responded to the judiciary's McKenzie Friends consultation on 25 May.
28. An article was drafted for the Law Society's Legal Compliance Bulletin on the in-house lawyers statement we issued earlier in the year.
29. The joint research undertaken by the LSB and the Law Society (as well as the Legal Education Foundation) into legal needs was published on 24 May. A number of follow up actions in and outside of parliament are planned for the late summer / autumn.
30. The LSB's published the revised PCF rules and supporting guidance for approved regulators, following an eight-week consultation on 1 June.
31. On 8 June, Neil Buckley was interviewed by Neil Rose of Legal Futures.
32. A number of significant reports were published in this Quarter including the unregulated sector final report (28 June), and a response to the Consumer Panel's Open Data recommendations (25 May).
33. As of 1 July, the LSB has 1,345 followers on Twitter which continues to prove to be a useful tool for communicating to external audiences.