

To:	Legal Services Board	Agenda item:	10
Date of Meeting:	24 November 2016	Item:	Paper (16) 74

Title:	Chief Executive's update – November 2016
Strategic theme	All
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Status:	Official

Summary:

This paper updates Board Members on key developments across the organisation since the October 2016 meeting. The Board's attention is drawn, in particular, to the following matters:

- a. The tailored reviews of the LSB and OLC have commenced. The Chair and a number of Board members will be meeting with the review team. We have been encouraging stakeholders to respond to the MoJ consultation.
- b. The public process for the appointment of the new Chair of the OLC has commenced.
- c. The Chairman participated in a panel discussion in relation to the LSB's vision document at University College London. This was a very successful event attended by a wide range of interested and informed stakeholders.

Recommendation(s):

The Board is invited to note this report.

Risks and mitigations

Financial: N/A.

Legal: N/A.

Reputational: N/A.

Resource: N/A.

Consultation	Yes	No	Who / why?
Board Members:		✓	Routine report
Consumer Panel:		✓	Routine report

Others:	N/A.
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Freedom of Information Act 2000 (Fol)		
Para ref	Fol exemption and summary	Expires
Para 7 – third and fourth sentences; Para 16, final part of last sentence	Section 36(2)(b)(i): information likely to inhibit the free and frank provision of advice	
Para 14	Section 44: restricted information under s167 LSA which was obtained by the Board in the exercise of its functions and therefore must not be disclosed	

LEGAL SERVICES BOARD

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CHIEF EXECUTIVE'S UPDATE – NOVEMBER 2016

Sponsor relations

Appointments matters

1. At the time of drafting, we await a response from the Lord Chancellor on the Board's recommendations for appointments to the Legal Services Consumer Panel. I will update the Board in the meeting if there is news on this, or in relation to LSB appointments.
2. We received a positive response to the criteria and process we propose to follow to appoint the new Chair for the Office for Legal Complaints and that process went public on 11 November 2016. The process is being managed by Gatenby Sanderson, under the Ministry of Justice's (MoJ) framework contract, and Gatenby are also supporting the new OLC non-lay member appointment.

Other sponsorship matters

3. As previously advised, the Tailored Reviews of LSB and OLC launched on 27 October with a call for evidence which is due to close on 24 November. A draft submission to the review is on the agenda for discussion and approval today. The Tailored Review team will also be meeting a number of Board Members on 22 November and subsequently. Mike, Helen, Marina and Terry may wish to comment on how their discussions. We are encouraging all of our key contacts to respond to the Reviews.
4. On 7 November I was invited to meet the Permanent Secretary of the MoJ, along with other CEOs of MoJ arm's length bodies, to discuss the downstream impacts of exiting the EU.
5. There remains no news on either the proposed consultation on the independence of legal regulators nor on what the government is planning to do about criminal defence advocacy panels. The Chairman wrote to Sir Oliver Heald QC MP, Minister of State for Courts and Justice, on 14 November alerting him to the impact of this delay.

Governance

Office for Legal Complaints (OLC)

6. At **Annex A**, Board Members will find attached OLC's section 120 reports provided on 9 November (monthly report) and 7 November (quarterly report). The latter has been informed by the feedback Board Members provided on the first quarterly report. The Chairman and I met the OLC Chair and Kathryn Stone, Chief Legal Ombudsman on 14 November to explore the OLC's quarterly report in more detail. This was a good meeting with the OLC Chair outlining in detail all the measure being taken by the OLC Board to ensure their effective oversight of LeO's performance.

7. Later that day, the Chairman and I, with the Corporate Director, met the OLC Chair, CEO and Chief Legal Ombudsman to discuss ways of developing the relationship between our respective Boards. Together we agreed that it was important for each Board to understand the nature and breadth of work undertaken by the other, not so as to minimise the emphasis on performance, but to ensure that the broader context is understood. [REDACTED]
[REDACTED]
[REDACTED]. The Chairman confirmed that the Board would be reviewing the requirements in due course and noted the emphasis that the LSB would place on the expected sustained performance improvement.

8. Actions from this meeting include agreeing that our four newest Board Members would be invited in groups of two to visit LeO in Birmingham to see the operation and to meet staff there. Any existing Board members who would also like to visit LeO are also welcome to do so. Additionally, the idea of establishing a small sub-group of OLC and LSB members to discuss ways to make sure LeO's rich information can be used to best effect was also mooted.

9. Work has also now commenced on the drafting of the LSB-OLC-MoJ tri-partite operating protocol.

Staffing and organisation matters

10. We welcomed one new colleague to the LSB this month, Faye Alessandrello, who joins us as a Regulatory Associate.

11. I have been giving thought to our administration needs in light of the departure in September of one of our administrators and a proposal is being developed with the Director of Finance and Services to enable us to meet colleagues support needs in a creative way. I will update Board members in the meeting.

12. We participated in the London Legal Support Trust Great Legal Quiz evening on Wednesday 9 November. I acted as the quiz master and there were 3 teams answering a range of challenging questions.
13. A large number of colleagues will be taking part in a team building and corporate social responsibility initiative on 30 November and 1 December. Organised via Volunteering Matters, the team will be working with Roots and Shoots in Kennington, a charity that provides vocational training for young people.

Regulation

- [REDACTED]
14. [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

Cost of regulation - update

15. The team are in the process of having meetings with all the regulators in relation to the information which we would like them, individually and collectively to publish. This is to be followed by a senior round table of all the regulators in December. At the Chairs meeting in November, the Chairman will emphasise to the Chairs and CEOs of the regulators the importance that we attach to the need for more transparency in relation to the costs of regulation.

CMA update

16. The Chairman wrote a short note to Lord Currie following the Board's successful session with the CMA executive team at the October meeting. This noted the close alignment between our two organisations on policy matters and indicated that we wished to play an active role in an implementation phase working closely in partnership with the CMA and the frontline regulators. Following a scheduled Chairman/CEO level meeting on 1 November, I then wrote a more detailed letter to Andrea Coscelli, the CMA's acting CEO, setting out options in relation to the LSB's future role [REDACTED].
[REDACTED].
17. Since the last Board meeting, the CMA has presented its proposals on market transparency to the frontline regulators collectively for the first time. The CMA also informed the regulators that it was likely to make recommendations to the Ministry of Justice to conduct three separate reviews: on the regulatory framework; the independence of regulators from government and representative

bodies; and whether and how to improve access to redress for customers of unregulated providers. The CMA currently expects to publish its final report in the week commencing 12 December.

Research

18. We have reviewed and interviewed bidders for the vulnerable consumer research project. A successful bidder has been selected and will be announced shortly.
19. The specification for the rerun of the 2016 prices survey was published last week. In line with a revised approach to research following budget reductions we are seeking to commission just the fieldwork. The analysis of the survey will be done in house by the research team.
20. The survey of ABS to support the research into investment in the legal sector is due to launch next month, and a stakeholder roundtable is to be held on 1 December.

Statutory decisions

21. Since my last report we have approved one rule change application. The application was from the Bar Standards Board (BSB) and related to changes to the BSB's Continuing Professional Development (CPD) requirements. These changes involve moving away from the obligation to complete a specified number of hours of CPD activity. Broadly, the changes place greater emphasis on individual barristers for deciding what training they require and for setting their own learning objectives.
22. We approved the Practising Certificate Fee (PCF) application for the Intellectual Property Regulation Board (IPReg). The PCF remained unchanged from the previous year and there was a slight reduction in the IPReg budget. We also noted in the decision letter that while we recognise that there is a degree of unpredictability in terms of the level of income that will be generated from IPReg PCF, if the trend of income exceeding budget continues we would expect the IPReg Board to consider whether there is scope to reduce the fees rather than transfer surplus to reserves.
23. We wrote to the Solicitors Disciplinary Tribunal (SDT) budget informing them that budget had been approved following the decision made at the October Board. In the decision letter we noted that the SDT had reduced its budget following our questions and comments. We also said that in future we would like data presented showing how assumptions are calculated; that we will pay close attention to all key performance measures next year; and will want to understand whether there are areas where there are opportunities for efficiencies and so minimise the risk that a future budget increase will be needed.

24. We continue to assess the Institute of Chartered Accountants for England and Wales designation application for reserved legal activities relating to taxation. We have now sought advice from the Lord Chief Justice as required under the Act. In accordance with the time frames set out in the Act we have asked for his advice by the end of December. Our current expectation is that we will put a recommendation to the March Board.
25. We have been consulting on the Section 69 Order in relation to modifications to the powers of the Bar Council when acting as either an approved regulator or a licensing authority. The consultation ended on 22 November and we expect this to go to the January Board.

Justice Select Committee

26. On 12 October 2016, the Justice Select Committee announced an inquiry into the implications of Brexit for the justice system. The terms of reference for the inquiry encompass:
- the criminal justice system in England and Wales, and future co-operation in policing and judicial matters;
 - the civil justice system in England and Wales, including the Family Court and commercial courts; and
 - the legal services sector in England and Wales and the wider UK economy.
27. With the Chairman's agreement, the LSB submitted brief written evidence focusing on the third element of these terms of reference, attached at **Annex B**.

Communications and external engagement

28. I will speak at the Society of Licenced Conveyancers annual conference on 23 November in Derby. This speech is an opportunity to outline the breadth of the work we do, explain our vision for regulatory reform and set out some perspectives, informed by our research, that are most pertinent to the licensed conveyancer community.
29. The Strategy Director shared a panel with the SRA and the Law Society at the Legal Futures Innovation conference on 8 November. The topic of discussion was: *Regulatory reform as a driver for innovation*.
30. The Chairman participated in a joint LSB / UCL Ethics and Law centre event on 14 November. A panel discussion on the LSB's vision paper with the Chairman being joined by Christina Blacklaws (TLS), Neil Rose, (Legal Futures), Iain Millar (Bevan Brittan) and which was chaired by Professor Richard Moorehead. More than 60 persons were in attendance and participated in the discussion.
31. An article was drafted for Modern Law Magazine about the ABS research which the LSB will start in December. It has been submitted with a view to publication in the December / January edition of that magazine.

32. The LSB has created a dedicated LSB Research twitter account. The intention is that this account will publicise all forthcoming research but also can be used as a platform to highlight all past research and as a reason to re-post and highlight the extensive back catalogue of research we have made publically available.

33. A full list of mine and the Chairman's external engagements from the last Board meeting up to the point of drafting this paper are in the table below.

Judicial Diversity Forum chaired by Lord Keen	NB	27-Oct-16
Meeting with CEO of SRA	NB	31-Oct-16
Annual 4-way meeting with CMA	MP, NB	01-Nov-16
Quarterly Bar Council 4-way meeting	MP, NB	01-Nov-16
OLC CEOs meeting	NB	02-Nov-16
ITMA CEOs meeting	NB	04-Nov-16
Meeting with Chair and CEO of Law for Life	NB	07-Nov-16
Meeting with the Permanent Secretary, MoJ	NB	07-Nov-16
Annual ICAEW meeting	NB	08-Nov-16
NAO meeting	NB, KN, DR, EKD & JM	08-Nov-16
Scottish Legal Complaints Commission meeting	NB	08-Nov-16
Meeting with OLC to discuss performance	MP, NB, JP	14-Nov-16
Meeting with OLC to discuss relationships	NB, MP, JM	14-Nov-16
CEOs meeting with CILEx Regulation	NB	15-Nov-16

END