

To:	Legal Services Board	
Date of Meeting:	26 October 2016	Item: Paper (16) 66

Title:	Q2 Performance Report: 1 July – 30 September 2016	
Workstream(s):	Business Plan 2016/17	
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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 Q2 2016/17 (July – September 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 Q2 report is at **Annex A**.

The paper also contains the draft Q2 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 Q2 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?
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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'	Section 36(2)(b)(ii): information likely to inhibit the exchange of views for purposes of deliberation	

LEGAL SERVICES BOARD

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Q2 Performance Report: July – September 2016

Recommendations

The Board is invited to:

- 1) review the Q2 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 Q2 2016/17 (July – September 2016).
2. It also contains the proposed Q2 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 Q2 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 Q2 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.

Q2 2016/17 commitment	Progress
Re-assessment of open data work after CMA interim report	Complete: This work has been subsumed into the CMA engagement work stream.
Holding regulators to account – reviewing our approach	Complete: Carried out review of standards framework, desk based research on other standards frameworks and have met with other regulatory bodies to discuss their schemes and developed three potential models.

Diversity - publish consultation response and implement outcome	Rescheduled: Consultation is due to close in Q3 with the new guidance published in February, Q4.
Internal review of the benefits and risks associated with the changing shape of regulation	In progress (due to complete in Q3): Desk based research and stakeholder meetings are underway

Q1 2016/17 commitment	Progress
Engage with CMA and government consultation	CMA - in progress: Continuous engagement with CMA. Government consultation on independence has not been issued.
Publish consultation on changes to LSB diversity guidance	Completed in Q2 2016/17: The consultation was published on 29 September and will close in early December

Q4 2015/16 commitment	Progress
Publish report on the definition of 'affordable' legal services	Completed in Q2 2016/17: This paper was uploaded to the LSB website in August

Q3 2015/16 commitment	Progress
Choice of insurer: identify and evaluate relevant regulator restrictions and complete an assessment of regulatory restrictions against legislative requirements	Completed in Q2 2016/17: This work was published 15 July 2016

MoJ performance management framework

- The draft Q2 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 Q2 report is at **Annex A**.

To: Ministry of Justice

Legal Services Board 2016/17 Q2 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 Q2 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 the fact we are largely on track to deliver our Business Plan milestones, with those projects with timetable alterations planned and noted early in the project process. Projects continuing on from 2015/16 are all now complete.
5. Matters of note not specifically addressed by the programme report include the following:

Organisation development and governance

6. This quarter has seen considerable recruitment activity (in line with business cases agreed with MoJ). New starters this Quarter include a Regulatory Project Manager and a Legal Advisor, both providing cover for colleagues on maternity leave, and two permanent Regulatory Associates. An existing Regulatory Associate has also been promoted to Regulatory Project Manager. Two colleagues, an Administrative Assistant and the Corporate Governance Manager, handed in their notice during the quarter. The final tranche of recruitment concluded in this Quarter sees two new starters, the Corporate Governance Manager and Regulatory Associate, scheduled to start early in Quarter 3.
7. The number of vacancies currently being experienced has naturally created a pressure on LSB resources but this risk has been monitored closely. As we have recruited quite quickly we have not seen a significant detriment to the delivery of our programme.

8. With regard to Board appointments, in Quarter 1, interviews took place to appoint two new lay members and at the end of Quarter 2, the LSB announced the appointment of Catharine Seddon and Jeremy Mayhew as new Board Members for three year terms with effect from 1 October 2016. Their first Board meeting will be 26 October 2016.
9. With the new lay members appointed, the Board no longer continues to carry the risk of failing to have a lay-majority. The Board quorum risk may however re-emerge if decisions are not made quickly by Ministers on next steps for three Members, including the Chair, whose first terms of office come to an end in early 2017.
10. The series of 'emergency spending controls' introduced by MoJ in Quarter 2 2015/16 have continued into 2016/17. Areas affected include travel, away days, conferences and catering, engaging consultants, recruiting new colleagues and marketing and communications.

Relations with OLC

11. The Board, and MoJ, have been updated regularly on developments at the OLC and are aware of the need to commence a process to identify a new Chair and non-lay Member in light of the decisions by Steve Green and Professor Plowden not to seek second terms of office. The LSB's RNC has agreed the composition of appointment panels for each of these posts and a process is underway, supported by Gatenby Sanderson, to prepare materials for this appointment.
12. We have continued to receive reports from the OLC under the section 120 requirement put in place April this year. Timeliness performance has fluctuated with 47% in July, 53% in August and 47% in September. Cost per case and per complaint has remained relatively stable as have the quality figures. We received the OLC's first full quarterly report in July. This latter requirement is for a comprehensive report of the OLC's assessment of the scheme performance, identifying any trends and underlying reasons for these. Where performance fails to meet the OLC's expectations, clear time-bound information on actions and the expected impacts must be included. On reviewing the report, the LSB Board concluded that they would have expected a greater level of detail and evidence. The LSB's feedback will be given in time for the second Quarterly report.
13. In July, the Chairman and CEO attended the OLC's Board meeting to observe their scrutiny of the performance of the Legal Ombudsman scheme and observed their challenge to the Executive on both performance and plans for improvement. The Chairman also gave a presentation to the OLC in which he congratulated the OLC on the return of the Accounting Officer function and reiterated the LSB's commitment to a balanced scorecard approach for performance measurement at OLC. The LSB Chairman and CEO noted that the recent relationship between the

two organisations could have been better but reminded the OLC Board that this was because OLC performance remains a significant risk. They noted however that timeliness statistics, which had been ongoing concern, seemed to be improving.

14. The drafting of the tripartite operating protocol was passed to the OLC at the end of Quarter 1. On pressing the OLC for an update on the status of this work in September, LSB learned that work on this document had been halted, apparently pending the outcome of the MoJ's tailored review. The LSB's CEO and Corporate Director have raised this issue with the MoJ and at the time of drafting this paper (early Q3), have been advised that development of the protocol has resumed.

Communications and stakeholder relations

Meetings to note

15. The Chief Executive attended and spoke at an ICAEW, LGBT Group event on diversity.

16. The Chairman spoke at the latest Westminster Legal Policy Forum event on legal services and highlighted the LSB's vision paper and the proposals contained within.

Publications and media engagement

17. As a consequence of EU Referendum purdah being lifted, LSB was able to publish a number of significant reports during this period (some of which had had to be held over from Q1). These included:

- i. the latest periodic evaluation of the changes in the legal services market since the Act was passed.
- ii. the LSB's response to the Consumer Panel's Open Data recommendations.
- iii. A thematic review of restrictions on choices of insurer
- iv. updated requirements for regulators on complaints signposting

18. In early July, the LSB's Annual Report and Accounts 2015/16 were laid.

19. The affordability of legal services research and the response to the CMA's interim report on the legal services market were both published in mid-August.

20. A consultation on the BSB's section 69 order and on diversity guidance was launched.

21. A consultation on *Revised guidance for regulators on encouraging a diverse profession* was launched at the end of September.

22. The LSB's *Vision paper for future legislative reform* was published on Monday 12 September. An advance briefing of the legal trade press took place the Thursday before publication.

23. LSB also placed a number of articles over the quarter including:

- i. for the Law Society's Legal Compliance Bulletin on the in-house lawyers' statement we issued earlier in the year.
- ii. for Modern Law Magazine on the LSB's research into unregulated legal services published earlier in the year. It is due for publication in the next edition of the magazine.
- iii. An article and letter were provided to Costs Lawyer Magazine (the in-house magazine of the ACL). The article focused on the regulatory standards report issued. The letter was a response to articles (one by the CLSB Chief Executive and the other by the CLSB Chair) in the two most recent issues of the magazine which in the LSB's view did not reflect accurately the regulatory standards work of the LSB. It was considered that both articles required a response.

24. As of 12 October, the LSB has 1,444 followers on Twitter which continues to prove to be a useful tool for communicating to external audiences. For example, as the Chair of the Bar Council was criticising the LSB's 2013 Cab Rank Rule research at the Justice Select Committee, Twitter enabled us to post a link to the research in real time so that any interested parties could judge the issue for themselves. We also shared other research and positions referenced in the committee.

26 October 2016