

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 Q2 16/17 reporting period:

2015/16 Projects

Choice of insurer:

- Publication of LSB report on 15 July
- Lessons learnt document shared with colleagues in August
- This project, as it appears in the 2015/16 Business Plan, is now complete

2016/17 Projects

Regulatory costs:

- Project scoped with interest group in July
- Desk based research began in August and includes reviewing metrics published by other UK frontline regulators and on how oversight is used in apply pressure to costs of other regulators
- Project PID presented to and approved by SLT in August
- Attended CEOs forum to share information with regulators

Legislative change

- Oral update on CMA workstream given to the Board in July
- Responded to the CMA's interim report and a supplementary questionnaire on the reserved activities
- Attended stakeholder events on transparency and regulation
- Delivered a 'teach-in' on the legal framework
- Full Board discussion on CMA workstream in September

Barriers to investment

- Scoping of project completed
- PID drafted and approved by SLT
- Review of available literature completed
- Agreement of research scope and approach

Key activities for Q3 16/17 reporting period:

- Regulatory costs: Individual meetings with approved regulators and working group meeting
- Legislative change: CMA attending the October Board meeting and is a panellist at the November Manchester event; continuation of a programme of bilateral meetings with CMA'S senior team; CMA final report expected in December.
- Barriers to investment: meetings with stakeholders in October include approved regulator engagement and a round table in November.

PROGRESS AGAINST 15/16 BUSINESS PLAN MILESTONES		
PROJECT	BUSINESS PLAN MILESTONE	STATUS
Reviewing regulatory restrictions on in-house lawyers	Publish response document to discussion paper	Complete
	Report to Board with report and recommendations	Complete
Analysing the impact of ending the different transitional periods	Board paper	Complete
Special bodies	Undertake scoping exercise	Project closed
Cost of regulation	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
Ministerial summit work	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
Choice of Insurer	Undertake scoping exercise	Complete
	Identify and evaluate relevant regulatory restrictions	Complete
	Complete assessment of regulatory restrictions against legislative requirements (Board paper and publication)	Complete
Review of rules change process	Undertake assessment of current processes including recommendations for change	Complete
	Publish consultation if necessary	Complete – consultation unnecessary
Innovation in the provision of legal services	Publish report	Complete

PROGRESS AGAINST 16/17 BUSINESS PLAN MILESTONES		
PROJECT	BUSINESS PLAN MILESTONE	STATUS
Improving scrutiny of regulatory costs and identifying opportunities for savings	Publish report to 2015/16 cost of regulation project	Complete
Identifying ways in which legislation needs to change to keep pace with the legal services sector	Engage with CMA and government consultation	In progress/ on hold: Continuous engagement with CMA. Government consultation not issued.
Making sure that regulation does not unnecessarily deter entry, innovation and investment	Publish report	Due in Quarter 4

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

OVERALL STATUS:

- 4
- 3
- 2
- 1

[REDACTED]

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 Q2 16/17 reporting period:

2015/16 Projects

Affordability

- Report on the definition of affordable legal services was uploaded to the LSB website
- Lessons learned have been shared with colleagues
- This project is now closed

Thematic review of s112 (complaints):

- Publication of final requirements and guidance for the regulators published in July
- Lessons learned shared with colleagues in August
- This project is now closed

2016/17 Projects

Encouraging market entry:

- This project has been subsumed into the CMA workstream covered by the legislative change project

Responding to emerging market risks:

- PID submitted to and approved by SLT on 14 July
- Commissioned analysis of Legal Needs data from research colleagues

Vulnerable consumers:

- Project fully scoped and areas of focus defined
- PID submitted to and approved by SLT on 9 August
- Research specification issued

Key activities for Q3 16/17 reporting period:

- Emerging market risks: development of further planning on hold pending response of Regulators’ Forum
- Vulnerable consumers: Appoint successful researchers from bidding process and go to Board in November with an update

PROGRESS AGAINST 2015/16 BUSINESS PLAN MILESTONES

PROJECT	BUSINESS PLAN MILESTONE	STATUS
	Individual consumers survey	Complete

Legal needs research	Publish report on small businesses legal needs survey	Complete
	Publish report on legal needs of consumers	Complete
Research into different types of provider	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
Unbundled services research	Publish research report	Complete
Affordability	Undertake scoping exercise	Complete
	Evidence gathering into what 'affordability' means for legal services	Complete
	Publish report	Complete
Accessing services	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
Open data and markets	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
Thematic review of s112 (complaints)	Undertake scoping exercise	Complete
	Stakeholder review	Complete
	Assess implications for ADR directive requirements	Complete
	Decision document for Board	Complete
Trading behaviour risks	Undertake scoping exercise and engage with appropriate external bodies	Complete
Diversity	Board report	Complete

PROGRESS AGAINST 16/17 BUSINESS PLAN MILESTONES		
PROJECT	BUSINESS PLAN MILESTONE	STATUS
Encouraging market entry by comparison websites by unlocking regulatory data and helping consumers choose and use legal services	Respond to Panel advice	Complete
	Reassess after CMA interim report	Complete (project subsumed into CMA workstream)
Responding to emerging market risks	Publish report	Due in Quarter 3
Understanding how vulnerable consumers access legal services	Publish report	Due in Quarter 4 but now likely to be in Q1 17/18

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

OVERALL STATUS:	
4	[REDACTED]
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 Q2 16/17 reporting period:

2015/16 Projects

Market evaluation:

- Report was published on 4 July
- This project, as it appears on the 2015/16 Business Plan, is now closed

2016/17 Projects

Regulatory performance:

- Carried out desk based research on other systems of regulatory oversight used
- Invited each of the regulators to meet with project team and share views on what does and doesn't work
- Identified what key performance management data needs to be collected and with what frequency
- Identified information sources which should be monitored, and set up intelligence logs for each of the regulators

Diversity:

- Paper to September Board highlighting intended direction of travel
- Consultation on draft guidance launched in September

Changing shape of legal regulation:

- PID submitted to and approved by SLT
- Project plan agreed

Key activities for Q3 16/17 reporting period:

- Regulatory performance: develop a performance management dataset for the regulators to complete and test proposed model frameworks with colleagues, the regulators and others
- Diversity: Consultation closed and analysis of responses to start
- Changing shape of legal regulation: identification of high level similarities and differences in regulatory arrangements, discussions with regulators and complaint bodies

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	Complete

PROGRESS AGAINST 16/17 BUSINESS PLAN MILESTONES		
PROJECT	BUSINESS PLAN MILESTONE	STATUS
Holding regulators to account for their performance	Publish report and action plans	Complete
	Review project for further work	Due in Quarter 2
Diversity – the role of regulators in driving improvement	Publish consultation	Complete
	Publish consultation response and implement outcome	Quarter 2-Quarter 3
Identifying the benefits and risks associated with the changing shape of legal services regulation	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 Q2 16/17 reporting period:

- The LSB **contributed articles** to trade press publications in this quarter:
 - An article to *Modern Law Magazine on unregulated research*
 - Two contributions to *Costs Lawyer Magazine* (one article on their regulators performance and one letter to the editor), and
 - Conducted an interview for *Post Magazine* on innovation in legal services.
- We attended and spoke at a number of **conferences**:
 - SRA trust and markets conference
 - *Westminster Legal Policy Forum* event on the future of regulation
 - An ICAEW LGBT event
- We published **research** into the *affordability of legal services* and the *choice of insurers*.
- We published our **response** to the *CMA's interim report* into the legal services market.
- We launched a number of **consultations**:
 - A section 112 consultation on *first tier complaints handling*, and
 - Updating our *diversity guidance*
- We published the LSB **annual report**.
- And finally we published our **Vision Paper for Legislative Reform**.

Key activities for Q3 16/17 reporting period:

- Representatives of the LSB will speak at a number of events in Q3 including:
 - London Law Expo 2016
 - Notary Training conference
 - Legal Futures innovation conference
 - Society of Licenced Conveyancers annual conference
 - Wales Legal Policy Forum
- The LSB (in partnership with others) is organising two events:
 - Seminar at/with UCL on our **Vision Paper for Legislative Reform** (Nov 14)
 - **Stakeholder event** in Manchester following our Board meeting (Nov 24)
- Articles will be submitted to *Modern Law magazine* and the *Legal Futures* blog.
- The Chairman and Chief Executive will travel to Cardiff to both meet **representatives of the Welsh Government** and also to speak at the Wales Legal Policy Forum event (referenced above) on legal services in Wales.
- We plan to publish our 2017/18 business plan for consultation.

RISKS (new or raised):

There are no new or raised risks this quarter.

[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 Q2 16/17 reporting period:

- Provided monthly financial report for monitoring of LSB's spending position to the Board, Executive Group and budget holders
- Prepared draft budget for 2017/18 including associated appendices and comparisons for consideration by the Board's Audit and Risk Assurance Committee members meeting as a 'finance committee'
- Submitted a revised BV2 budget profile tracker as requested by MoJ Finance
- Provided all regular returns and responses to commissions from MoJ within deadlines
- Submitted enhanced information for MoJ 'medium term financial planning'

Key activities for Q3 16/17 reporting period:

- Provide monthly financial report for monitoring of LSB's spending position to the Board, Executive Group and budget holders
- Prepare budget for 2017/18 for Board approval and then consultation with the 2017/18 proposed Business Plan
- Financial appraisals of spending decisions
- Submit LSB financial information for *MoJ Consolidation Model*

RISKS (new or raised):

There are no new or raised risks this quarter.

[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 Q2 16/17 reporting period:

- Regular review of risk at SLT meetings

Key activities for Q3 16/17 reporting period:

- Regular review of risk at SLT meetings
- Review of risk register by ARAC (October)
- Six-monthly review of risk register by Board (November)

RISKS (new or raised):

There are no new or raised risks this quarter.

[REDACTED]

OVERALL STATUS:

4
3
2
1

[REDACTED]