

To:	Legal Services Board	
Date of Meeting:	26 October 2016	Item: Paper (16) 65

Title:	Chief Executive's update – October 2016	
Strategic theme	All	
Author / Introduced by:	Neil Buckley, Chief Executive neil.buckley@legalservicesboard.org.uk / 020 7271 0057	
Status:	Official	

Summary:

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

- a. The Chair and I have our first meeting with Lord Keen of Elie QC, Ministry of Justice (MoJ) spokesperson for the Lords on 25 October. I will provide an oral update at the Board meeting.
- b. Interviews have taken place for the Chair of the Legal Services Consumer Panel and by the time of the Board meeting Members will be aware of the recommendations.
- c. We continue to await confirmation of the timing of the start of the Tailored Review Process.

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.
----------------	------

Freedom of Information Act 2000 (Fol)		
Para ref	Fol exemption and summary	Expires
Para's 10 and 15	Section 36(2)(b)(i): information likely to inhibit the free and frank provision of advice	

LEGAL SERVICES BOARD

To:	Legal Services Board	
Date of Meeting:	26 October 2016	Item: Paper (16) 65

CHIEF EXECUTIVE'S UPDATE – OCTOBER 2016

1. It is a pleasure to welcome Catharine Seddon and Jeremy Mayhew to their first Board meeting. All of the team look forward to working with them both.

Sponsor relations

Ministers

2. The Chair and I will be meeting Lord Keen of Elie QC, Ministry of Justice (MoJ) spokesperson for the Lords, on 25 October for an introductory meeting. We expect to cover the work of the Board, its vision for legislative reform and other live matters. I will provide an update at the Board meeting.

Appointments matters

3. We have been advised that Ministers are considering our submissions on LSB reappointment matters (for the Chair and two members) but at the time of drafting we have had no indication as to their likely decision.
4. On 17 October, the Chairman wrote to the Lord Chancellor and the Chair of the Justice Select Committee to inform them of the process for appointing a new Chair for the Office for Legal Complaints (OLC) and seeking any comment on the process or person specification. This is an essential part of the process in light of the need to secure Lord Chancellor approval to the eventual appointment, and the need for the preferred candidate to have a pre-appointment scrutiny hearing in front of the Justice Select Committee.
5. At the time of drafting, interviews have taken place for a new Chair and Member for the Legal Services Consumer Panel and by the time of the Board meeting Members will be aware of the recommendations. Pending the Board's decision, approval to the appointments will be sought from the Lord Chancellor.

Other sponsorship matters

6. Earlier this month we learned that our sponsor team has been relocated within the MoJ and are now part of the EU and International Division. This has also meant a change of senior sponsor official and so we have said farewell to Elizabeth Gibby, who has been a great advocate for the LSB within the MoJ. I am arranging to meet the new senior team.
7. At the time of drafting, I have still not been issued with a budget delegation letter from MoJ for 2016/17. This is being pursued actively with MoJ Finance. There

appears to be no specific reason for the delay beyond pressure of other demands on the MoJ team.

8. We have been advised that the Terms of Reference for the Tailored Reviews of the LSB and the OLC have been cleared by Ministers and so we await their launch, which is expected to be in the last few days of October. As yet, we have not seen the questions that will inform the Calls for Evidence. The Tailored Review Team has advised that it would be helpful if they could meet a small number of Board Members to inform their work and we will be in touch to set these up.
9. There remains no news on when the proposed consultation on the independence of legal regulators might be issued nor on what the government is planning to do about criminal defence advocacy panels (which is affecting the ability to implement QASA – the Quality Assurance Scheme for Advocates).

Governance

Office for Legal Complaints (OLC)

10. [REDACTED]
11. Earlier this month I attended the OLC’s Audit and Risk Assurance Committee (ARAC). This included discussion of the 2015/16 Annual Report and Accounts, which appears elsewhere on today’s agenda. Following the LSB’s ARAC meeting the previous day, NAO had raised the question of progress on the tri-partite operating protocol with LeO colleagues – a matter on which I have also written to the LeO CEO.
12. Attached at **Annex A**, Board Members will find the OLC’s section 120 reports provided on 9 September and 9 October. These show performance against the OLC’s own 90 day timeliness target at 53% and 47% respectively. We expect the second full quarterly section 120 report before the end of October.

Staffing and organisation matters

13. We have welcomed several new colleagues to the LSB this month: Toni Whitby as Corporate Governance Manager; and Callum Armstrong, Stephanie Borthwick and Puja Vadgama as Regulatory Associates. We have received one notice of resignation, Stephanie Chapman, Consumer Panel Associate.
14. Work is going well on the LSB's corporate social responsibility initiative and activity is planned with Volunteering Matters, later in November.

Regulation

[REDACTED]

15. [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

16. Following our 4-way with the Chair and Chief Executive of the Council for Licensed Conveyancers (CLC), the Chair of CLC, Dame Janet Paraskeva, wrote to the Chair on the issue of securing further regulatory independence.

Cost of regulation - update

17. The previous phase of LSB work on the cost of regulation was completed in May 2016 with the publication of a series of reports. The reports said that our next steps would focus on working with the regulators to increase transparency of approved regulators' costs. The team has now completed a desk based review of the oversight of costs of regulatory bodies. Key points are that transparency is a basic expectation of government and of the public. Moreover, transparency plays a role in trust and this is not just about what information is supplied, but the way in which this is done.
18. This desk review was shared with regulators prior to the CEO Forum on 23 September. It was agreed that we will meet each regulator to explore their current practice in more detail. These meetings will be followed by working level group meetings, which will report back to the next CEO Forum in January 2017.
19. The aim is to agree a common approach on what information is published and how this is done. A further report will be provided to the Board next year

Research

20. The Board is aware that reductions in the LSB budget have necessitated a decrease in research expenditure. This means the research function needs to adapt to ensure that we continue to provide colleagues and stakeholders with useful market intelligence, and support evidence-based policymaking, within our resource constraints. The main change will be to carry out survey design, data analysis and report writing in-house for our major quantitative surveys, commissioning only the fieldwork externally. This should deliver considerable savings and we are confident that the risks, such as external perceptions of the independence of our research, can be managed. Other aspects of our future approach will include an increased emphasis on extracting maximum value from existing research, working in partnership wherever possible, and careful sequencing of our regular 'set-piece' major quantitative surveys so they are scheduled to support future periodic market evaluation exercises.

21. Progress on specific research projects in 2016/17:

- A specification for the vulnerable consumers research has been issued. The planned focus of the research will be on mental health and dementia. A contract is expected to be issued in November
- We plan to re-run the successful prices research first undertaken last year. The questionnaire has been reviewed and the specification will be issued shortly. Only the fieldwork will be commissioned externally
- If budget allows, we will repeat the small business legal needs research in this financial year to be completed in 2017/18. Again, only the fieldwork will be commissioned externally.

Statutory decisions

22. We approved the following rule change application:

- Council for Licensed Conveyancers (CLC) - Introduction of the CLC Education Framework and CLC Lawyer Standards. The changes were related to the setting of standards for education. They also set out what needs to be achieved for individuals to apply successfully for a licence to practise as a licensed conveyancer or as a CLC probate practitioner.

23. We also approved the following exemption directions:

- CLC Contributions to the CLC Compensation Fund (on 6 September).
- Master of the Faculties Code of Practice Code, which gives guidance to notaries on best practice. The Code covers the principles that must be applied by notaries in all services they provide; specific areas of a notary's practice; and guidance for notary-conveyancers and notary-probate practitioners.
- CILEx Work Based Learning - Application for Fellowship Rules, minor alteration reducing the requirement to evidence a learning outcome from three to two times.

24. We approved three Practising Certificate Fee (PCF) applications for the following approved regulators: regulators: CLC (approved on 6 September), Costs Lawyer Standards Board (CLSB) and the Chartered Institute of Legal Executives (CILEx)/CILEx Regulation. The CLC PCF for individuals remained at the same level and there was a reduction in the entity fee. The CLSB PCF also remained at the same level. The CILEx Regulation PCF was increased by a small amount (2.5% for a CILEx Fellow). Primarily, this was due to the need for CILEx Regulation to become fully independent in its finances and no longer reliant upon cross subsidies from the reserves of the representative body.
25. We continue to assess the Institute of Chartered Accountants for England and Wales designation application for reserved legal activities relating to taxation. Advice was received from the two mandatory consultees (the Competition and Markets Authority and Legal Services Consumer Panel). We will now seek advice from the Lord Chief Justice as required under the Act. We expect to receive his advice by the end of December.
26. We are currently consulting on the Bar Standards Board 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 runs until 22 November and we expect this to go to the January Board.

Communication and external engagement

27. The LSB's '*vision for legislative reform*' was published on Monday 12 September. An advance briefing of the legal trade press took place before publication and helped inform coverage. On the day of launch, the Chairman spoke at the Westminster Legal Policy Forum event on legal services and used the opportunity to highlight the vision paper and the proposals contained within. An LSB blog has been drafted and is expected to be published by Legal Futures in mid-October as a follow up to the 12 September paper. This blog focuses on some of the criticisms voiced by opponents and offers our response.
28. On 23 September, I wrote to the International Bar Association to correct erroneous references to the LSB in their draft Report of the IBA Presidential Task Force on the Independence of the Legal Profession. Specifically the report conflated the process for appointment of LSB members with the suggestion that there is government control over the actions of the LSB. The IBA responded positively and agreed to delete the reference to governmental control.
29. The LSB's consultation on '*revised guidance for regulators on encouraging a diverse profession*' was launched at the end of September. An article has been prepared (by Graham MacLachlan) for Modern Law Magazine on this consultation which will be published in the early November edition, encouraging readers' contributions before the consultation closes on 2 December.
30. I attended and spoke at an ICAEW, LGBT Group event on diversity which was attended by senior representatives of the 'Big Four' and other large accountancy

firms.

31. I also spoke on a panel, chaired by Professor Stephen Mayson, about legal services regulation at the London Law Expo on 11 October. The Strategy Director spoke to a Notary audience on legal services regulation on 7 October.

32. I had an informative meeting with Jonathan Goldsmith, the former Secretary General of the CCBE (the Council of Bars and Law Societies of Europe) and regular contributor to the opinion columns of the Law Society Gazette.

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.

Monthly OLC CEO meeting	NB	20-Sep-16
Meeting with CEO and President of the SDT	NB	20-Sep-16
4-way meeting with CILEx Regulation	NB, MP	22-Sep-16
BSB CEO monthly meeting	NB	22-Sep-16
Regulators' CEOs meeting	NB	23-Sep-16
Brexit dinner for Chairs and CEOs of Regulators hosted by Saxton Bampfylde	NB	27-Sept-16
Legal Services Consumer Panel meeting	MP, NB	28-Sep-16
UK Regulators Network CEOs meeting	NB	29-Sept-16
Annual meeting with the Master of the Faculty Office	NB, MP	29-Sep-16
Opening of the Legal Year – Michaelmas Sittings Service at Westminster Abbey	NB	03-Oct-16
Meeting with Amanda Finlay and Mr Justice Knowles of Law for Life.	NB	04-Oct-16
Meeting with Jonathan Goldsmith	NB	07-Oct-16
Meeting with Elisabeth Davies, LSCP	MP	10-Oct-16
4-way with CLC	NB, MP	10-Oct-16
4-way with the Law Society	NB, MP	10-Oct-16
SRA meeting to discuss IT Modernisation programme	NB	14-Oct-16
SRA CEO monthly meeting	NB	14-Oct-16
Meeting with Harry Cayton, CEO of Professional Standards Authority	NB	17-Oct-16
CIPA IP Pro-bono Scheme launch	NB	17-Oct-16

BSB CEO monthly meeting	NB	18-Oct-16
-------------------------	----	-----------

END

18.10.16