

To:	Legal Services Board	
Date of Meeting:	26 May 2016	Item: Paper (16) 40

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

Summary:

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

Outcome of the regulatory standards assessments

The regulatory standards reports generated much interest within the legal media and among the regulators themselves. We are now in the process of agreeing action plans with them.

Meeting with the Judicial Advisory Group

[REDACTED]

Laying of the Annual Report and Accounts

The audit of LSB's annual accounts was completed by NAO with no issues identified. ARAC also reviewed a final version of the Annual Report and Accounts. I should therefore have been able to sign off the accounts last Friday in order to send them to the Comptroller and Auditor General. However, the proposed timetable for laying has now been changed. The pre-laying meeting with the Minister due on 24 May has now been delayed to 29 June [REDACTED]

[REDACTED]

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
Summary box: third para; Summary box: Last sentence of fourth para; Para 3 – final two sentences; Second bullet point of para 8; Para 12, third sentence	Section 36(2)(b)(ii): information likely to inhibit the exchange of views for the purposes of deliberation	
Para 16 – middle section of first bullet point; Para 23 – bracketed section of first sentence	Section 41: information provided in confidence	

LEGAL SERVICES BOARD

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CHIEF EXECUTIVE'S UPDATE – MAY 2016

Sponsor relations

Board appointments

1. The Chairman took part in a sift exercise to identify candidates for interview for the two lay member vacancies on 4 May 2016. This was a successful exercise and the appointing panel's list of candidates for interviews has now gone forward into the public appointment process. Interviews are provisionally scheduled for 8 and 9 June 2016.
2. We were pleased to receive agreement from the Lord Chancellor to the Board's recommendation that Frances Harrison and Andy Foster be offered second terms of office as Legal Services Consumer panel (LSCP) members. These have been offered and accepted.

Other sponsorship matters

3. On 16 May, I met our MoJ sponsor team for our regular quarterly performance review. This was a positive meeting with the MoJ team pleased to see the progress made by LSB in delivering its 2015/16 Business Plan. [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
4. On 18 May I attended a reception held by the Secretary of State following the State Opening of Parliament.
5. On 25 May, I will be meeting the MoJ's Tailored Review team to learn more about the process for the review of LSB planned for 2016. We understand that the Office for Legal Complaints will also be subject to review on the same timetable. I will update Board Members in the meeting. Separately, we remain within scope for the functional 'cluster' review of regulation, led by Cabinet Office. The team leading the review have asked to meet us to understand more about our regulatory model and approach.

Governance

Office for Legal Complaints

6. At **Annex A**, Board Members will find OLC's first performance report under the new Section 120 requirements. This relates to performance against timeliness, cost and quality for April 2016.
7. In April I attended the OLC ARAC meeting.
8. The Chairman and I met the Chair, CEO and Chief Ombudsman of OLC on 9 May in Birmingham where a wide-ranging discussion covered:
 - OLC's new KPI framework and performance matters including the respective roles of LSB and OLC within that
 - [REDACTED]
 - Actions flowing from the Grant Thornton report including our role in developing a three-way operating protocol
 - OLC Board appointments

I followed up on a number of these issues when I met Nick Hawkins (the CEO) on 17 May.

9. Over the coming months, we expect to work closely with Legal Ombudsman team members as they consider reviewing their scheme rules and their case fee regime (where LSB must consent to changes). We would also need to assess any renewed application by OLC to become an ADR entity under the ADR Regs.
10. In related matters, although generated by central Government, we were contacted on 16 May by MoJ to discuss aspects of how the move of claims management regulation from MoJ to the Financial Conduct Authority would affect LSB. We are at an early stage in these discussions and we can see that there are potential consequences for our role in relation to budget approval, the application of our first tier complaint handling requirements and scheme rule approval. Julie Myers will update Board Members in the meeting if any clarity has emerged.

Staffing and organisation matters

11. I have held four open meetings with colleagues to understand issues identified in the colleague survey and to assist in deciding how to address them. We have started to plan an all colleague away day to be held in July.
12. At the time of drafting, we have not received a decision on our recruitment business case to MoJ although we know it is being progressed. This is now

becoming pressing as two colleagues have departed for maternity leave, we have on outstanding vacancy, another colleague due to depart on maternity leave in August and a further resignation that will take effect in August. [REDACTED]. I have stressed the risk that these decisions present to our ability to deliver our Business Plan and to be agile in responding to emerging policy issues.

13. A team from LSB took part in the London Legal Walk on 16 May and raised close to £300 for legal advice charities.

Regulation

Regulatory standards

14. Following the Board's review of the regulatory standards reports at its meeting held on 27 April, the Chairman and Chief Executive agreed the final versions of the reports for publication on 10 May.

15. To follow-up on this work, we have now shared draft action plans with the regulators. These reports focus on the areas for development that we identified in individual reports and the activities that regulators have told us they intend to carry out. We will work with the regulators to agree their action plans for publication by the end of June. Once the plans have been agreed, we will update the Board.

Research

16. Draft reports have been received for the following research projects, all of which will be published over the next few months:

- A fifth draft of a report on the individual legal needs survey – jointly funded by The Law Society [REDACTED] – has been received and is expected to be published on 20 May.
- A draft of the LSBs Market Evaluation report which looks at change in the legal services market since the Legal Services Act was passed in 2007. The Board will be considering the results of the research as part of today's agenda.

Communication and external engagement

17. The table below lists mine and the Chairman's external engagements since the last Board meeting until point of drafting:

Stakeholder	LSB	Date
UKRN Annual Conference	CEO	18 April
OLC Audit and Risk Assurance Committee Meeting	CEO	19 April
NAO introductory meeting	CEO	20 April
Quarterly 4-Way meeting with Bar Council	CEO, Chair	25 April
Annual 4-Way meeting with ITMA	CEO, Chair	25 April
Quarterly 4-Way meeting with the Law Society	CEO, Chair	26 April
Biannual 4-Way meeting with CILEx Regulation	CEO, Chair	27 April
Introductory meeting with Lord Igor Judge	CEO, Chair	03 May
Annual 4-Way meeting with CLSB	CEO, Chair	03 May
Quarterly 4-Way meeting with the SRA	CEO, Chair	03 May
Bi-annual 4-Way meeting with City of London Law Society	CEO	04 May
Introductory meeting with Baroness Hayter	CEO	04 May
Monthly LSB/BSB CEOs meeting	CEO	05 May
Quarterly 4-Way meeting with OLC	CEO, Chair	09 May
Meeting of regulator CEOs	CEO	11 May
Meeting with Elisabeth Davis, LSCP	CEO	11 May
Bi-Annual IPREg CEOs meeting	CEO	11 May
Meeting with representatives of Joint Advocacy Group (BSB, SRA, CILEx Regulation)	CEO	13 May
Quarterly performance meeting with MoJ	CEO	16 May

18. On 28 March, Neil Buckley was interviewed (his first at LSB) by **Modern Law Magazine**, the write up of which will be published in its June edition.
19. LSB colleagues spoke at two 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.
20. 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.

21. On 17 April our recommendation to the Lord Chancellor regarding the BSB's licensing application was published.
22. On 11 May the quarterly Regulators CEOs meeting was held at our 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. While this might seem a rather esoteric subject, the costs of file retention particularly for the SRA are very substantial. A change in the statutory requirements would allow policies that could reduce regulatory costs by a sizeable amount.
23. The joint research undertaken by the LSB and the Law Society [REDACTED] [REDACTED] into legal needs is expected to be published on 24 May. A number of follow up actions in and outside of parliament are planned for the late summer / autumn. Also scheduled for publication prior to today's Board meeting are the LSB's response to the judiciary's McKenzie Friends consultation and the cost of regulation research.
24. As of 13 May, the LSB has 1,302 followers on Twitter and continues to be a useful tool for providing material and responding to queries.

17 May 2016