

<b>To:</b>	Legal Services Board	
<b>Date of Meeting:</b>	27 April 2016	<b>Item:</b> Paper (16) 29

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

**Summary:**

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

**Board appointments**

We welcome Jemima Coleman and Michael Smyth QC (Hon) to their first Board meeting. The exercise to recruit new lay members is proceeding and the closing date for applications is 21 April.

**Sponsorship matters**

I am pleased to announce that a version of the BV letter that is acceptable to both the MoJ and the LSB has now been signed. The LSB's risk rating, which we had been advised would be raised to level 2, will remain at level 1 following my representations to the MoJ.

**Accessibility of legal services**

Our report on lowering barriers to accessing legal services generated much interest in both the legal and mainstream media, and I was interviewed for the BBC Radio 4 programme 'You and Yours'.

**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.

<b>Consultation</b>	<b>Yes</b>	<b>No</b>	<b>Who / why?</b>
<b>Board Members:</b>		✓	Routine report
<b>Consumer Panel:</b>		✓	Routine report
<b>Others:</b>	N/A.		

<b>Freedom of Information Act 2000 (Fol)</b>		
<b>Para ref</b>	<b>Fol exemption and summary</b>	<b>Expires</b>

## LEGAL SERVICES BOARD

<b>To:</b>	Legal Services Board	
<b>Date of Meeting:</b>	27 April 2016	<b>Item:</b> Paper (16) 29

### CHIEF EXECUTIVE'S UPDATE – APRIL 2016

#### Sponsor relations

##### Board appointments

1. The team and I are delighted to welcome Jemima and Michael to their first Board meeting and I am looking forward to the upcoming induction sessions. With regard to lay appointments, the Ministry of Justice (MoJ) has now started the exercise to identify two new members and their timetable suggests that appointments may be possible by the end of July 2016. This is earlier than previously indicated and is welcome news.
2. At the time of drafting, we have not received a response from Ministers on the Board's recommendation to re-appoint two Legal Services Consumer Panel (LSCP) members whose first terms of office are due to conclude.
3. The Chairman will be writing to Ministers shortly to alert them to the forward schedule of non-executive appointments, highlighting the points at which we will need either Ministerial decisions or actions by the MoJ.

##### Other sponsorship matters

4. Three positive developments to report since the last Board meeting. Firstly, as the Board will be aware, our budget for 2016/17 received Ministerial approval and we published our Business Plan for 2016/17 on this basis on 12 April 2016. Second, we brought to a successful conclusion the long-running matter of 'budget variation' (BV) letters where an appropriately amended letter has been signed by both sides. And finally, after we challenged a preliminary view that LSB's intrinsic risk to MoJ should be raised from 1 (the lowest level) to 2 (on a three point scale), I was pleased to receive a letter from Catherine Lee (MoJ Director of Law and Access to Justice) confirming that our risk rating remained at 1. As such, it has been a positive month in terms of our formal sponsor relations which reflects the effort the team puts into this key relationship.
5. We have now received an indication that LSB and Office for Legal Complaints are likely to be the subject of a 'tailored review' later this year. Tailored Reviews are the new form of Triennial Review, on which guidance has only recently been published by Cabinet Office. LSB would be the first MoJ Non-Departmental Public Body to go through the process (just as we were in 2012 in the Triennial review process). We will make sure that we work closely with the MoJ team as

they develop their thinking and will be alert to the experience of any other NDPBs outside of MoJ to see what we can learn. In line with the Cabinet Office guidance, an MoJ Non-Executive Director will oversee the Department's tailored review programme.

## **Governance**

### Office for Legal Complaints

6. Further to the Board's decision in March, a new Section 120 performance reporting requirement was placed on OLC this month (15 April). We will update the Board as and when reports are received.
7. The Legal Ombudsman (LeO) published its 'service principles' earlier this month. This comes after a programme of work to understand its customer needs informed by research from ESRO and advice from the LSCP. The service principles can be found on the Legal Ombudsman website at <http://www.legalombudsman.org.uk/about-us/#our-principles>. LeO confirm that these principles will be the basis from future work linked to their customer satisfaction survey and quality framework. It was also reported this month that OLC has 'regularised' its flexible benefits scheme, a matter outstanding from prior year Annual report and Accounts qualification by the Comptroller and Auditor General.

### Legal Services Consumer Panel (LSCP)

8. The LSCP published its forward work programme earlier this month, further to the Board's endorsement in March.

## **Staffing and organisation matters**

9. We continue to run with one vacancy at Regulatory Associate level and expect two colleagues to depart on maternity leave imminently. Our business case for recruitment is close to completion and we will be submitting this to MoJ for review and approval shortly.
10. I am spending much of my time working directly with the team to learn how we can improve as an organisation and what changes we can make to the way we work and communicate with each other so we meet the legitimate needs of colleagues. I have been pleased with the levels of engagement I have had and plan to talk to the Board in more detail about this in due course. One important aspect of this is preliminary work around our 'vision and values'. This will also come to the Board in due course.

## Regulation

### Accessibility of legal services

11. Our report on improving the accessibility of legal services was published on 31 March. In the light of the discussion at the March Board meeting, my letter to the regulators made clear that we will be in contact in the spring to establish how the report has influenced their plans for improving accessibility. This will pick up on recent activities by regulators on some of the identified themes. For example, through the Regulators Forum, all of the regulators have agreed to work together to jointly commission consumer research on client care letters. In addition, BSB recently published the results of work it has been doing on cross-cultural communication.

### Statutory decisions

12. Consultation on proposed changes to LSB's Section 51 Practising Fees Rules closed on 8 April 2016; six responses were received. We are analysing the responses and remain on track to bring the recommendation on the final changes to the rules to the next Board meeting in May.

### Research

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

- Research on the prices of common legal services in support of the market evaluation and affordability projects has been published.
- Joint research with BSB on their public access scheme has also been published. The outcomes from this will support our market evaluation work and inform a review by BSB of its regulatory arrangements for the scheme. A short summary of the findings is attached for reference.
- The research commissioned to map the unregulated legal services sector, focusing in particular on intellectual property, divorce, wills and estate administration, has been finalised and will be published shortly. The Board is considering the results of the research elsewhere on today's agenda.
- A third draft of a report on individual legal needs survey – jointly funded by the Legal Education Foundation and The Law Society – has been received. A final report is due by the end of April ahead of publication in May.
- Economic advice on the likely market impact of changes to regulation between 2010 and 2015 has been finalised. This analysis will be used to support the market evaluation project and will be published alongside it.

## Communication and external engagement

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

Stakeholder	LSB	Date
Monthly LSB/BSB CEOs meeting	CEO	10 Mar
Triannual LSB/CLC CEOs meeting	CEO	11 Mar
Quarterly LSB/Bar Council CEOs meeting	CEO	14 Mar
UKRN CEO meeting	CEO	16 Mar
Quarterly LSB/BSB CEO and Chair 4-Way meeting	CEO, Chair	17 Mar
Regular meeting with CEO of ICAEW meeting	CEO	17 Mar
Introductory meeting with Lord McNally	CEO, Chair	17 Mar
Monthly LSB/SRA CEOs meeting	CEO	18 Mar
Meeting with Sir Brian Leveson	CEO, Chair	21 Mar
Meeting with Andrea Coscelli, Executive Director of the Competition and Markets Authority (CMA)	CEO, CW, SB	22 Mar
Meeting with Birmingham Law Society	Chair	30 March
Meeting with Geoff Nichols (SRA Board Member)	CEO	30 Mar
Meeting with Harry McAdoo, ICAEW Director of Communications	CEO, VM, AA	5 Apr
Monthly OLC CEO Meeting	CEO	13 Apr
Monthly LSB/SRA CEOs meeting	CEO	15 Apr

Other attendees:

AA – Antonet Abbink, Corporate Services Associate

CW – Caroline Wallace, Strategy Director

SB – Steve Brooker, Head of Research and Development

VM – Vincent McGovern, Communications Manager

15. On 30 March, we published our decision on the BSB licensing application. This will be followed up with a full press release when our recommendation is made to the Lord Chancellor.

16. The Chairman joined Birmingham Law Society's Council meeting on 30 March. He outlined the LSB's current priorities, and discussed respective views of ongoing developments in legal services.

17. Our '*Lowering barriers to accessing service*' research was published on 31 March. It received some interesting media coverage including questions about

the research from further afield with the LSB being contacted from American, Australia and Ireland about it. The report's publication was also widely picked up by the legal press. BBC Radio 4's *You & Yours* programme ran a piece on it on Monday 18 April. I provided an introduction to the key points in the report following which Jonathan Smithers (President of The Law Society) and a representative of the Campaign for Plain English had a discussion about the issues it highlights.

18. Our '*Prices of Individual Consumer Legal Services*' research was published on 5 April. A journalists' briefing was held to promote the research and this led to wide coverage in the national and trade press, including the Times and the 'front page' of The Guardian's digital edition.
19. Our Business Plan was published on 12 April.
20. As of 11 March, the LSB has 1,277 followers on Twitter and continues to be a useful tool for providing material and responding to queries.

**18 April 2016**

# RESEARCH SUMMARY

April, 2016



## THE PUBLIC ACCESS SCHEME

### 1. About the research

**i** The public access scheme allows consumers to use barristers directly, without needing to instruct a solicitor or other intermediary.

The research provides a detailed picture of the **current provision of legal services** through public access barristers and the **perceptions of barristers about the operation of the current regulatory arrangements** – in particular their perceptions of the impacts on consumers and barristers of recent reforms to the public access scheme.

The research was commissioned jointly with the Bar Standards Board. **Over 400 public access barristers completed a questionnaire and 30 in-depth interviews were conducted.**

### 2. Key findings

**i** **Public access is a relatively small proportion of barristers' overall caseload but is expected to grow.** It is used in a wide range of practice areas but is most common in family, chancery, employment, commercial and general common law.

There appear to have been **relatively modest benefits for consumers so far**, with respect to widening choice, improving timeliness of access to services and reducing costs.

A key **barrier for consumers occurs if barristers are not authorised to conduct litigation** and the client is not able to fill the role normally performed by solicitors. Instructions may be declined on this basis with barristers feeling that clients have unrealistic expectations of their role.

Respondents believe the **existing regulatory framework is broadly effective in protecting consumers**, although some suggested improvements to training and guidance.

**43% of respondents reported an increase in the profitability of their practice** as a result of public access, **but only 4% had reduced their fees** in the last twelve months. Most appeared not to give great consideration to pricing competitively or have a clear sense of market prices.

Recommendation was the most common route for receiving instructions, but **over one-quarter of barristers have obtained work via an online directory and 4 in 10 from direct advertising.**

**Over four in ten public access barristers have been instructed by microbusinesses.**

**5,695 barristers are registered for public access work** – more than one-third of the Bar.

### 3. Regulatory insights

**i** **The public access reforms were a key market liberalisation measure.** Such work represents a relatively small proportion of barristers' work now, but this is expected to grow. Individual and business consumers are starting to see the benefits of having a wider choice of legal services.

**Barriers to access for consumers** occur where barristers do not conduct litigation and have different expectations than prospective clients about the nature of their role.