

<b>To:</b>	Legal Services Board	
<b>Date of Meeting:</b>	27 April 2016	<b>Item:</b> Paper (16) 30

<b>Title:</b>	Q4 Performance Report: 1 January – 31 March 2016	
<b>Workstream(s):</b>	Business Plan 2015/16	
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<b>Status:</b>	OFFICIAL	

### Summary:

This paper provides a summary of the Board's performance in delivering its published Business Plan commitments during Q4 2015/16 (January – March 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 Q4 report is at **Annex A**.

The paper also contains the draft Q4 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 Q4 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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<b>Board Members:</b>		✓	Regular performance report.
<b>Consumer Panel:</b>		✓	Regular performance report – report also includes Consumer Panel Q4 report.
<b>Others:</b>			

<b>Freedom of Information Act 2000 (Fol)</b>		
<b>Para ref</b>	<b>Fol exemption and summary</b>	<b>Expires</b>
Appendix 1: All Risks and Overall status'	Section 36(2)(b)(i): disclosure would inhibit the free and frank provision of advice	

## LEGAL SERVICES BOARD

<b>To:</b>	Legal Services Board	
<b>Date of Meeting:</b>	27 April 2016	<b>Item:</b> Paper (16) 30

### Q4 Performance Report: January – March 2016

#### Recommendations

The Board is invited to:

- 1) review the Q4 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 Q4 2015/16 (January – March 2016).
2. It also contains the proposed Q4 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 Q4 report is at **Annex A**.

#### Overview

3. The LSB Business Plan for 2015/16 describes the LSB's proposed activities on a quarter-by-quarter basis. Progress against those commitments for Q4 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.

Q4 2015/16 commitment	Progress
Publish transparency reports for cost of regulation project	<b>Complete pending report to Board:</b> Executive work has been completed but agenda constraints has meant it will not be on the Board's agenda until April 2016
Publish consultation, if necessary, on processes for handling our statutory decision making responsibilities	<b>Complete:</b> A consultation has not been judged necessary.
Publish report on legal needs of consumers	<b>Delayed:</b>

	Publication is expected later in 2016 due to delays finalising the research report.
Publish research report on unregulated providers of legal services	<b>Delayed:</b> Report due to be considered at the April Board. Publication may be delayed as dependent on completion of Legal Needs research.
Publish report on the definition of 'affordable' legal services	<b>Complete pending report to Board:</b> Executive work has been completed but agenda constraints has meant it will not be on the Board's agenda until April 2016
Publish accessibility report encompassing findings on legal needs survey	<b>Complete:</b> Report published in March.
Publish report and recommendations of open data and markets work	<b>Re-scoped and continuing into 2016/17:</b> The Board considered the Consumer Panel's advice in this area in March 2016 and LSB work will continue once the CMA reports on its market study. e.
Report to Board on first-tier complaints handling	<b>Complete:</b> The Board considered this report in January and agreed to proceed to consultation.
Launch consultation on first-tier complaints handling	<b>Complete:</b> The consultation was launched in early March.
Report to the Board on the regulatory standards work stream including recommendations	<b>Delayed:</b> Due to staff resource pressures this work considered by the Board in April (originally scheduled for March).
Approve the OLC budget 2016/17	<b>Complete:</b> The LSB approved the OLC's 2016/17 budget at its March 2016 meeting.
Publish market evaluation report	<b>Delayed:</b> Publication of the market evaluation report will take place later in 2016.

<b>Q3 2015/16 commitment</b>	<b>Progress</b>
Choice of insurer: identify and evaluate relevant regulator restrictions and complete an assessment of regulatory restrictions against legislative requirements	<b>Complete pending report to Board:</b> Executive work has been completed but agenda constraints has meant it will not be on the Board's agenda until May 2016.
Undertake research into unregulated providers of legal services	<b>Complete:</b> Work on this was completed in March.

Undertake a scoping exercise on trading behaviour risk engage with appropriate external bodies	<b>Complete:</b> A scoping exercise was completed in Q4. Work on this project will continue into 2016/17.
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<b>Q2 2015/16 commitment</b>	<b>Progress</b>
Undertake review of appointments processes for Chairs of regulatory bodies.	<b>Cancelled:</b> No issues of concern since Internal Governance Rules were amended. Decision to cancel work and re-prioritise resources.
Evidence gathering and analysis for market evaluation	<b>Complete:</b> This work was completed in Q4.

### **MoJ performance management framework**

5. The draft Q4 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 Q4 report is at **Annex A**.

**To: Ministry of Justice**

**Legal Services Board 2015/16 Q4 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 Q4 2015/16. 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 2015/16, and thus its regulatory responsibilities, is **Green/Amber**. This reflects that, whilst several of the projects have a delayed publication date for their final reports, this reflects the challenge of Board agenda scheduling. The work on these projects is, in large part, already complete. All of the outstanding projects, that have not undergone a planned re-scoping, are expected to be completed before the end of Quarter 1 2016/17 but constraints of purdah may mean publication has to be delayed.
5. Matters of note not specifically addressed by the programme report include the following:

**Organisation development and governance**

6. During this quarter, Neil Buckley joined as Chief Executive and Richard Moriarty departed.
7. One Regulatory Associate has returned from maternity leave, resulting in the departure of the colleague providing maternity cover.
8. We currently have one vacancy for a Regulatory Associate and expect two colleagues to depart on maternity leave In Q1 and one in Q2. This will place a tremendous pressure on LSB resources and now that we have confirmation of our budget we will make a case to MoJ for agreement to recruit to cover these vacancies.

9. In regards to Board appointments, the Chairman, as part of a MoJ constituted appointment panel, took part in interviews for two new non-lay members on 5 January 2016. Jemima Coleman and Michael Smyth CBE QC (Hon) have now been appointed, and the appointments are due to commence on 17 April 2016. The process to identify two new lay members has commenced. The latest timeline we have seen suggests that members could be appointed by July 2016.
10. As such, the ongoing issue of the Board's membership failing to meet the criteria set out in Schedule 1 of the Legal Services Act (the Act) is now resolved. We do, however, continue to carry a risk that without full lay-member attendance at Board meetings, we may fail to have a lay-majority. We are assured, however, that the Board can continue to perform its statutory functions legitimately.
11. The LSB Audit and Risk Assurance Committee met in March. The agenda included an update on the budget proposal for 2016/17, a KPMG internal audit update, the annual review of the Risk Management Strategy, and an update on NAO's external audit planning.
12. At present, the series of 'emergency spending controls' introduced by MoJ in Quarter 2 2015/16 are expected to continue into 2016/17. Areas affected include travel, away days, conferences and catering, engaging consultants, recruiting new colleagues and marketing and communications.

### **QASA judicial review**

13. Solicitors acting for the claimants paid £223,204.57 to the LSB on 1 February 2016, which is the sum representing around half of the costs incurred by the LSB in successfully defending the litigation. This sum is being given back to the profession by way of a reduction to the levy for 2016/17.

### **Relations with OLC**

14. The Board has been updated regularly on developments at the OLC
15. After careful consideration, the Board agreed at its March meeting to maintain a statutory Section 120 reporting regime for the year ahead, with the intention of building on the work the OLC Board is already implementing with respect to its performance framework. It was agreed not to set further Section 121 targets at this time.
16. OLC and LeO colleagues attended the March meeting to present their 2016/17 budget for approval. The Board noted the continual decline in case volumes and challenged the Executive to introduce some flexibility into LeO's resourcing arrangements to better adapt to the unpredictability of its workload. The Board welcomed the reduction in budget proposed and approved the budget of £13.63m for 2016/17.

17. OLC and LeO colleagues also attended the January Board meeting to present the OLC's Annual Report and Accounts 2014/15, which the Board noted.

## **Communications and stakeholder relations**

### Meetings to note

18. Neil Buckley chaired a meeting of the CEOs of all the legal regulators on 11 January. These regular meetings aim to help the regulators collaborate on areas of interest, and it was agreed that three areas, namely disciplinary tribunals, run off insurance cover for firms switching regulators, and selected consumer-related topics, would be the subject of work in the first half of the year. This was followed by a discussion about the anticipated MoJ consultation on independence of legal regulators.

### Publications and media engagement

19. The LSB published a short article in the January edition of Modern Law magazine outlining the key findings from the LSB's updated small business legal needs report.

20. Four consultations were issued in the Quarter. These were on the LSB's draft Business Plan, BSB section 80 order, PCF rules, and first-tier complaints handling requirements. All were all published with accompanying press releases and picked up by the trade press.

21. The LSB published its response to the CMA's legal services market study statement of scope on 3 February.

22. The LSB published a statement of policy on in-house lawyers in early February and provided an article to Modern Law magazine on the subject.

23. Our report into the lessons that can be learned from other sectors about accessibility was published in March 2016 and has generated a degree of media interest.

24. The LSB's currently has 1,228 followers on Twitter (as of 11 March).