

<b>To:</b>	Legal Services Board	<b>Agenda item:</b>	10
<b>Date of Meeting:</b>	18 January 2017	<b>Item:</b>	Paper (17) 04

<b>Title:</b>	Chief Executive's update – January 2017
<b>Strategic theme</b>	All
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<b>Status:</b>	Official

**Summary:**

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

- a. The appointment of a new Chair and member of the OLC is ongoing with shortlisting in January.
- b. The tailored review team will be attending the January Board to provide an update.

- c. [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?
<b>Board Members:</b>		✓	Routine report
<b>Consumer Panel:</b>		✓	Routine report
<b>Others:</b>	N/A.		

**Freedom of Information Act 2000 (Fol)**

<b>Para ref</b>	<b>Fol exemption and summary</b>	<b>Expires</b>
Summary Box: Bullet C, Second half of para 1, Para 4: fourth sentence, Para 16, Para 18, 24, Para 25: last sentence	Section 36(2)(b)(ii): information likely to inhibit the exchange of view for purposes of deliberation	

## LEGAL SERVICES BOARD

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### CHIEF EXECUTIVE'S UPDATE – January 2017

#### Sponsor relations

##### Appointments matters

1. The Board is already aware of the decision to hold an open competition to identify a new Chair of the LSB. The process will be conducted under the new Cabinet Office Governance Code on Public Appointments and under the MoJ timetable an appointment will not be made until late June/early July 2017. [REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]
2. Longlisting meetings took place in relation to the competitions for a new Office for Legal Complaints (OLC) Chair and non-lay member in December 2016. Short-listing for the Chair position will take place on 24 January and on 30 January for the non-lay member.
3. Board Members will be aware that Elisabeth Davies formally stood down from the role as Legal Services Consumer Panel (LSCP) Chair on 31 December 2016 and that she has been succeeded by Dr Jane Martin CBE as of 1 January 2017. Dr Martin is being supported in her induction by the Consumer Panel team. Mark McLaren also took up post as LSCP member on 1 January 2017. Matters relating to LSCP reappointments are elsewhere on today's agenda.

##### Other sponsorship matters

4. The MoJ Tailored Review team are attending today's Board meeting. The Call for Evidence closed on 24 November and we understand from the MoJ team that 33 responses were received. In a letter from the MoJ, our colleagues were thanked for their 'unwavering cooperation'. [REDACTED]  
[REDACTED]. Finally, on this matter, we submitted a suite of governance material to support the MoJ team's governance assessment.

5. In December I was pleased to receive and sign our budget delegation letter for 2016/17. Whilst this confirms the regime for spending controls I was pleased to see that in some areas, such as recruitment, permission to agree recruitment to fill vacancies has reverted back to me as Accounting Officer (although permission to use an agency to assist with recruitment still requires MoJ permission). I am still awaiting an introductory meeting with our new senior sponsorship official.

## **Governance**

### Office for Legal Complaints (OLC)

6. **Annex A1 and Annex A2:** Board members will find **attached** OLC's section 120 reports provided on 9 December and 9 January (both monthly reports).
7. On 7 December, the Chairman and I attended an OLC Board meeting and observed an impressive session from the Legal Ombudsman's triage team. We also observed the Board's scrutiny of performance. In discussion, we updated the OLC on LSB strategic thinking on a range of topics including performance targets, Board to Board relations, arranging visits for Board members to the Legal Ombudsman, and how to make greater use of LeO data and the potential for a joint working group on this. Action on Board member visits is already in place with two Members visiting LeO on 26 January and two on 27 January.
8. The Legal Ombudsman are now leading on the drafting of the tripartite operating protocol and a discussion on the progress on that document will be taking place immediately prior to this meeting, with MoJ.

### Other governance matters

9. As the Board has previously been advised, the Committee on Standards in Public Life published a [report](#) in September 2016, reviewing the extent to which regulators uphold the seven principles of public life. The LSB is reviewing its own standards against the recommendations to ensure it is actively promoting and robustly supporting the principles. The executive propose to bring a paper to the Board in April 2017.

## **Staffing and organisation matters**

10. We said goodbye to one colleague in December 2016, Steph Chapman, Consumer Panel Associate. Recruitment for her replacement is underway.
11. On 30 November and 1 December, colleagues took part in a team building and corporate social responsibility (CSR) initiative at Roots and Shoots in Kennington, a charity that provides vocational training for young people. Both days were tremendously rewarding and feedback has been universally positive. We will be reviewing how we can best maintain our relationship with the charity over the coming year.

12. Work continues on our proposal to employ an apprentice administrator.

13. New colleagues and Board members took part in LSB equality and diversity training on 14 December.

**LSB’s vision for legislative reform - update**

14. As the Board is aware, the LSB’s vision for legislative reform was published on 12 September. This was supported by a blog on the Legal Futures website on 25 October and, with University College London, a panel discussion on the proposals on 14 November.

15. The main development since the Board’s November meeting is the publication of the Competition and Markets Authority (CMA’s) final report on its market study (see Board paper (17)02/Agenda Item 5). Amongst other things, the CMA has recommended that the MoJ should (i) undertake the promised review of the independence of regulators and (ii) review the current regulatory framework for legal services. Going forwards, the LSB’s vision for reform will be an essential resource for LSB engagement with the MoJ as it considers the CMA’s recommendations, and in responding to any subsequent MoJ consultations.

16. [REDACTED]

- [REDACTED]

[REDACTED]

- [Redacted]

**Regulation**

CMA update

17. There is a separate paper on the agenda. I will be attending the first meeting of the implementation group the day after the Board meets.

[Redacted]

18. [Redacted]

Better regulation update

19. In December 2016 the Government published its response to a consultation it issued in February 2016 on the scope of the Business Impact Target (BIT), growth duty and small business appeals champions. The proposal to exclude the LSB and legal services regulators is confirmed and we remain out of scope of BIT and Growth Duty for the time being. The government signalled its intention to return to the question of legal services regulators and other regulators of professions in due course. The decision on policy and coverage of small business appeal champions are still to be taken (the same outcome as the 2014 consultation on the scope of this initiative).

20. At the time of drafting, we expect Cabinet Office to publish its 'Regulatory Futures Review' report in mid-January. This Review was the first of what is expected to be a series of cross-sector functional reviews of arms-length bodies and aimed to identify opportunities to achieve improvements in operating efficiency, to identify the sources of burdens on regulators themselves and to develop a taxonomy of effective regulatory models.

### Research

21. The main developments since the last meeting are:

- Research Works was appointed to carry out the vulnerable consumers' research. This is focusing on the experiences of people with mental health problems, and dementia, when using legal services. Interviews with individuals (and their carers) have started and are scheduled to conclude at the end of January. The final report will be with us by the end of March 2017 and published in Q1 2017//18.
- The procurement process for re-running the successful prices research has concluded and we expect to sign a contract shortly. The CMA's final report highlighted the desirability of updating this evidence.
- The survey of ABS to support the research into investment in the legal sector has been launched and a stakeholder roundtable has been held. We have decided to commission a small scale omnibus survey of investors which should take place next month.

### Statutory decisions

22. Since my last report we have issued exemption directions on the following:

- a. Institute of Chartered Accountants in England and Wales (ICAEW) Disciplinary Byelaws
- b. Bar Standards Board (BSB) Membership and Procedures for Inns Conduct Committee

23. In December, ICAEW submitted some changes to its application for designation as an approved regulator and licensing authority for additional reserved legal activities. The main feature of the change is that the ICAEW have decided that at this time it should not seek to develop training and qualification arrangements for conduct of litigation and rights of audience. This is because it is not yet clear whether there will be a demand for this. The ICAEW and the education providers do not wish to incur the development costs until there is more certainty on demand. Instead, entities wishing to become authorised for these activities by the ICAEW will need to employ an individual who has been suitably qualified and authorised by another legal services approved regulator (eg the BSB, SRA or CILEXReg). The other changes are more minor and relate to the appeals arrangements and the compensation fund.

24. [REDACTED]

25. We are currently considering an application from the Bar Standards Board (BSB) in relation to its Disciplinary Tribunal Regulations. The application raised a number of important questions which were sent to the BSB on 23 November 2016 but we are yet to receive a response. The extended decision period expires on 1 February 2017 and given the significance of the questions it is unlikely that we will be able to reach a decision by that date. [REDACTED]

26. We have received and are considering a rules change application from the Master of the Faculties in relation to changes to the Notaries Practice Rules and Notaries Qualification Rules. We are also considering the practising certificate fee application from the Bar Council/BSB.

**Communications and external engagement**

27. On 28 November the Strategy Director attended and participated in a Wales Government event entitled “The Business of Law in Wales”.

28. The following day, on 29 November, the Chairman attended and spoke at a Wales Policy Forum (an arm of the Westminster Policy Forum group) event also in Cardiff entitled “The future of the legal system in Wales: the market for legal services, modernisation and potential further devolution”. That afternoon the Chairman and I met with representatives of the Welsh Government to discuss issues of mutual interest.

29. On 30 November the LSB’s Legal Director spoke on behalf of the LSB at a meeting of the Council of the Birmingham Law Society.

30. In early December we launched our 2017/18 business plan consultation. Shortly after that we confirmed the appointment of the new Chair of the LSCP and launched the ABS survey. In the middle of the month we responded to the CMA’s legal services market report.



31. The Chairman and I met with the President and CEO of TLS on 6 December. This was one of our regular meetings. In early January the CEO announced that she was leaving TLS. Her letter of resignation, which included commentary on the workings of TLS, has been published.
32. On the 10 January I meet with the President and Director of the Council of the Inns of Court in what will hopefully become a regular meeting in the calendar.
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.

## 2016

Meeting with Ann Wright and Steve Gregory from IPREG	NB	28 Nov
CIPA CEO meeting	NB	28 Nov
Tailored review with MOJ	MP	28 Nov
TLS	MP NB	6 Dec
Law Society of Scotland	MP NB	6 Dec
Citizen's Advice	MP NB	6 Dec
Judiciary	MP NB	6 Dec
IPReg	NB	8 Dec
Tailored review with MOJ	NB	8 Dec
CLC	NB	9 Dec
SRA	NB	9 Dec
SRA	MP NB	15 Dec
OLC	MP NB	15 Dec
Bar Council CEO meeting	NB	15 Dec

## 2017

BSB	NB	10 Jan
Council of Inns of Court	NB	10 Jan

**END**