

To:	Legal Services Board	Agenda item: 14
Date of Meeting:	19 July 2017	Item: Paper (17) 52

Title:	Q1 performance report: 1 April – 30 June 2017	
Workstream(s):	Business Plan 2017/18	
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Status:	OFFICIAL	

Summary:

This paper provides a summary of the Board's performance in delivering its published Business Plan commitments during Q1 2017/18 (April – June 2017).

The report provides the basis for our quarterly performance report to the Ministry of Justice (MoJ). It is presented in the format which has been agreed with the MoJ over past years but which may change as we develop our new assurance relationship.

A narrative cover for the MoJ Q1 report is at **Annex A**.

The paper also contains the draft Q1 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 Q1 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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Board Members:		✓	Regular performance report.
Consumer Panel:		✓	Regular performance report – report also includes Consumer Panel Q1 report.
Others:			

Freedom of Information Act 2000 (Fol)		
Para ref	Fol exemption and summary	Expires
Annex A, Para 4; Appendix 1, All risks and overall status'	Section 36(2)(b)(ii): information likely to inhibit the exchange of views for the purposes of deliberation	

LEGAL SERVICES BOARD

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Q1 Performance Report: April – June 2017

Recommendations

The Board is invited to:

- 1) review the Q1 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 Q1 2017/18 (April – June 2017).
2. It also contains the proposed Q1 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 Q1 report is at **Annex A**.

Overview

3. The LSB Business Plan for 2017/18 describes the LSB's proposed activities on a quarter-by-quarter basis. Progress against those commitments for Q1 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.

Q1 2017/18 commitment	Progress
Respond to LSCP advice on information remedies	Completed: Letter in sent to LSCP in May.
Report on 2015/16 regulatory performance action plans	Completed: Reports published 4 July.
Stakeholder engagement on IGR review	Completed: Planned stakeholder engagement for Q1 completed. Engagement will continue into Q2.
Fieldwork for the review of enforcement activities	Rescheduled: Due to resource pressures this project has been moved to Q3.

Q4 2016/17 commitment	Progress
Publish report on making sure that regulation does not deter entry, innovation and investment unnecessarily.	Completed: The report was published in June 2017.
Publish report on understanding how vulnerable consumers access legal services	Rescheduled: Due to purdah, the report is now scheduled to be published in July, Q2 of 2017/18.

MoJ performance management framework

5. The draft Q1 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 Q1 report is at **Annex A**.

To: Ministry of Justice

Legal Services Board 2017/18 Q1 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 Q1 2017/18. 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. On the 10 April 2017 we sent seven section 55 notices (to the Bar Council, ICAEW, CITMA, CIPA, CILEx, TLS and CLC). The notices asked the frontline regulators, through the approved regulators, to provide to the LSB by 29 December 2017:
 - the number of applications received for authorisation of an entity which has previously been authorised by another legal services regulator;
 - the number of applications received for authorisation of an entity where the owner of the entity is or has been authorised by another legal services regulator;
 - and the number of times they communicate with other legal regulators about the two above scenarios.

4. [REDACTED]

5. 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 2017/18, and thus its regulatory responsibilities, is **Green**. This reflects the fact we are at an early stage of the Business Plan.

6. Matters of note not specifically addressed by the programme report include the following:

Organisation development and governance

7. In Quarter 1, a new Regulatory Associate took up post and another Regulatory Associate previously on fixed-term contract has been offered a permanent post. Resignations were received from the Research Analyst, Corporate Governance

Manager; and a Regulatory Associate. Interviews are currently underway for a Corporate Affairs Associate and a maternity cover Regulatory Associate. The new arrangements with MoJ have provide helpful in speeding up business case approval.

8. The recruitment process for the apprentice administrator finished this quarter and we have successfully appointed to the position. The apprentice is currently working through the induction process and is already providing valuable assistance to colleagues.
9. Further to the Minister's decision to open a competition to identify a new Chair an interim Chair is now in place and we look forward to seeking progress on the process to identify a permanent candidate.

Relations with OLC

10. Following the Board's decision in March 2017, not to renew statutory reporting requirements with the proviso that satisfactory voluntary arrangements were agreed, the Chair and CEO have been in discussion with their counterparts at OLC. The OLC were asked to provide a proposal that would address the following aspects of performance reporting by the end of April, in order to avoid the Board needing to consider further Section 120 reporting requirements:
 - i. information about the Legal Ombudsman's performance being rapidly put into the public domain on a regular basis;
 - ii. the OLC to continue to provide comprehensive information on scheme performance to the LSB through OLC Board papers and minutes;
 - iii. the OLC to consider what additional reporting it could provide to the LSB to enable the Board to be assured of the OLC's performance in administering the LeO scheme.
11. The Chair and CEO have both discussed the Board's proposed approach to performance assurance reporting with their equivalents at OLC. A proposal has been received from the OLC which is due to be discussed by the LSB at its meeting in July 2017. This includes confirmation that the OLC will begin to put their own performance data in the public domain on a quarterly basis, and will continue to provide Board papers and minutes
12. A further discussion took place between respective executive teams to allow LeO to explain their plans for revised performance reporting, including the development of a revised balanced scorecard more closely aligned to their new strategy (the latter published on 20 April). As their work progresses we will ensure that there is direct engagement with Board members as appropriate.
13. Wanda Goldwag was confirmed as OLC Chair following her appearance at the Justice Select Committee on 22 March. She took up her post on 1 April 2017. The two Chairs met on 11 April where initial indications were that she was also

content with the revised approach to performance assurance reporting.

14. Neil met with Nick Hawkins, LeO CEO and Alison Wedge of MoJ for the final meeting on the tripartite operating protocol. The meeting was extremely positive meeting. As notified to the Board this has now been agreed.

Communications and stakeholder relations

Meetings to note

15. There were fewer than normal communication activities this quarter due to purdah. The LSB had to withdraw from a number of speaking engagements and postponed publication of a number of reports in line with Cabinet Office guidance.
16. On 29 March, the Lords Select Committee on the Constitution held its annual evidence session with the President and Deputy President of the Supreme Court. During the hearing, Baroness Hale remarked on the LSB's views as set out in our 'Vision for Legislative Reform', in the context of a question to her about the rule of law. The Chairman wrote to Baroness Hale (with a copy to the Chairman of the Select Committee) to reassure her that the LSB believes the rule of law is of vital importance, and that it does not believe that the independence of the legal profession conflicts with consumer interests.
17. Our programme of stakeholder outreach continues and we have been particularly pleased with the positive response we have had from a number of peers including the Lords MacKay, McNally, Faulks and Hodgson and Baroness Hayter.
18. The CEO chaired a scheduled meeting of the CEOs of frontline regulators on 3 May. Agenda items included the opportunity for CEOs to provide feedback on current areas of work including proposals for the regulatory performance framework, our approach to the IGRs review and the investment research. The meeting was very positive and constructive.
19. The second in what we hope will become a regular meeting between the Council of the Inns of Court (COIC) and the LSB took place on 10 May. It was agreed that a meeting should be set up between the interim Chair and the President of COIC later this summer.
20. Neil attended and spoke at a *Manchester Law Society* legal regulation event. He went to a meeting of the *Joint V Law Societies* (Manchester, Birmingham, Liverpool, Leeds and Bristol Law Societies) in Leeds. The organisation was also represented at *Legal Practice Management* event in Birmingham in early July.

Publications and media engagement

21. A number of communications activities had been pencilled in for the period between April and May but the early general election and the start of purdah on 22 April has meant that we have had to postpone publication dates. Within the first few days after purdah finished, we published a document outlining the *LSB's*

regulatory approach and a week later launched a *consultation on the regulatory performance* of regulators.

22. We published our barriers to investment research and published and hosted a round table discussion on our vulnerable consumers research.
23. We made a recommendation a *recommendation to the Lord Chancellor* that the ICAEW be designated as an approved regulator and a licensing authority, extended to all reserved legal activities and *responded to the CMA's LSB specific recommendations* and again a few weeks later when the approved regulators published their *CMA assigned action plans*.
24. As of 4 July, the LSB has 1,562 followers on Twitter which continues to prove to be a useful tool for communicating to external audiences.

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