

To:	Legal Services Board	
Date of Meeting:	11 September 2013	Item: Paper (13) 60

Title:	Chief Executive's Progress Report - September 2013	
Workstream(s):	All	
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Status:	Protect	

Summary:
<p>The paper updates Board Members about:</p> <ul style="list-style-type: none"> • operational and governance issues • progress on key projects • other internal and external policy developments • stakeholder and communications activities.

Recommendation(s):
The Board is invited to note the Chief Executive's progress report.

Risks and mitigations
Financial: N/A.
Legal: N/A.
Reputational: N/A.
Resource: N/A.

Consultation	Yes	No	Who / why?
Board Members:		✓	N/A.
Consumer Panel:		✓	N/A.
Others:	N/A.		

Freedom of Information Act 2000 (Fol)		
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LEGAL SERVICES BOARD

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Chief Executive's Progress Report - September 2013

Operations and governance Issues

1. Accommodation matters are covered elsewhere on the agenda.
2. MoJ approved the LSB's pay remit submission in July and as such all eligible colleagues received a pay uplift of £725 (a 1% paybill increase distributed on a 'flat cash' basis). As in 2012, the Strategy and Corporate Directors and I waived the rise.
3. Matt Daykin has joined the LSB as Regulatory Associate to cover the maternity cover post vacated by Tim Bayl. Matt joins us from the National Lottery Commission and will be with us until the end of the year working on statutory decisions.
4. Matters relating to the appointment of new Consumer Panel members are covered elsewhere on the agenda. The process to appoint a new OLC Chair is well underway with advertising closing on 6 September and long listing due to take place on 24 September. Advertising for new OLC Members will commence in early October. Finally, by the time of the Board meeting, we expect advertising to have begun for a new LSB Chairman and Members.
5. The Board is due to discuss its self-evaluation as part of the discussion at the Board dinner on 24 September and material will be circulated nearer the time.

Project update

6. As I reported at the meeting on 29 August, the diversion of resource to deal with the IGR investigation, the MoJ call for evidence and the putative QASA JR are all starting to have an impact on the planned dates for some of the outputs in this year's business plan. We are currently taking stock of the best ways to minimise impact and we will report further on action planned at future meetings, reflecting the outcome of the strategic discussion immediately before this meeting.

Research

7. Since the last Board meeting we have:
 - Published research on consumers of legal services with learning disabilities which was commissioned jointly with the Consumer Panel and Mencap.
 - Received a draft report on the value consumers' place on regulatory protections (contingent valuation report with Opinion Leader).

8. Over the coming period we expect to

- Publish a report on the value consumers place on regulatory protections.
- Publish a report on competition and regulation (due to be discussed at the October Board).
- Receive a draft report on the barriers to entry, exit and merger project which we commissioned jointly with The Law Society.
- Seek tenders for research looking at the consumer experience of online legal services.
- Develop a specification for research looking at the potential impact of Public Legal Education from a behavioural economics perspective.
- Develop a network of academics to take forward a project on innovation in legal services.

Statutory decisions

Rules changes

9. Since the last report we have issued decision notices on the QASA and BSB Handbook applications. The following applications have also been completed:

- ILEX Professional Standards (IPS) Continuing Professional Development Rules
- Council for Licensed Conveyancers Disclosure of Profits and Advantages Code (referral fees)
- Solicitors Regulation Authority (SRA) Compensation Fund Determination 2013
- SRA Overseas Rules 2013

10. In addition, exemption directions were issued to the SRA on Red Tape Challenge – Phase 2, consequential amendments to the Handbook following the approval of QASA and other miscellaneous amendments.

S51 Practising Certificate Fee Approvals

11. I have approved the practising certificate fee applications for CILEx/IPS and The Law Society/SRA.

12. The decision letter for the Law Society/SRA application made explicit reference to the inadequacy of the consultation with SRA regulated firms and individuals on the proposed fee and that it was short of the expectation expressed in our approval letter last year. I have asked them to provide (by the end of September) a plan on how they intend to address this for next year's application.

Policy developments

QASA

13. Following our approval of the application for approval of regulatory arrangements, the Joint Advocacy Group published the final QASA Handbook on 23 August 2013 ahead of the scheme launching on 30 September.
14. The Criminal Bar Association continues to oppose the scheme and encourages criminal advocates not to sign up. They have also made public (through their weekly update of 26 August) the fact that a judicial review of the scheme will be underway soon.
15. An application for judicial review is expected in early September. It is worth noting that the LSB made its decision on 26 July and therefore the claim must be submitted by 25 October. We have now completed our review of documentation for disclosure and provided the requested information to the claimant. We have also provided our formal response to the substance of the letter before claim. The BSB has done the same.

MoJ Review

16. Our finalised submission should have been published by the time of the meeting. I will update colleagues orally on the emerging themes from other submissions in the public domain, MoJ's proposed next steps and the relationship between this exercise and the separate review of advocacy likely to be announced shortly at the meeting.

IGRs

17. The IGR dual self-assessment for IPREG has now been signed off and analysis of the Law Society/SRA submission should be completed this month. Colleagues will recall that we noted that we may need to return to the Bar Council/BSB assessment in the light of the outcome of the current investigation.

Legal issues

18. The main issue is the QASA challenge as set out above.

Legal Ombudsman (LeO)/Office for Legal Complaints (OLC)

19. Steve Green met Tony Foster on 2 September to review the Legal Ombudsman's first quarter Key Performance Indicator (KPI). This covered the period up to the end of July. The report showed that contact levels were lower than expected - despite the change in scheme rules and attempts to follow up premature complaints - both of which would have been expected to increase contacts. This would suggest a drop in contacts overall. OLC suggest a reason for this is may be the change in case fee charging structure leading to improvements in firms'

first tier complaints handling, to avoid being charged at the second tier. This is speculation at this point.

20. The impact of the cost review considered by the OLC at its July meeting has begun to impact on the organisation. By the end of August, LeO had reduced headcount by 36 FTE from across Corporate Support, the Management Team and Operations. In addition there were 10 requests for voluntary redundancy. Their Ombudsman resource has also been reviewed; seven roles have been put on risk to be replaced by three 'senior' and four 'junior' roles. Cost reductions in non-pay costs of around £0.5m are also targeted over the rest of the year.
21. Service levels remain high in the assessment centre, and they were able to test the impact of the cost review on their service level during August when there was a high volume of leave and assessors were also given the option to take some extended leave. Although this did have a negative impact on daily service levels, the monthly levels on which the KPI is measured, remained above target.
22. The case fee waiver rate is still high. Following re-training and the introduction of a new automated system that assesses whether case fees should be waived it appears that this higher level is accurate.
23. We are due to meet Treasury officials on 17 September to discuss funding mechanisms for claims management companies (CMC) complaint handling, including highlighting LSB concerns about the proposed funding mechanism and exploring other options.
24. In July, the OLC issued a discussion paper on access to redress for legal and other professional services. This asks for views about how the Legal Ombudsman could broaden its approach to redress to mirror changing consumer behaviour and innovations in legal services, building on the opportunities presented by the recently approved EU Directive on alternative dispute resolution. Our response to the MoJ has been much more direct on these issues, with a view to moving the debate forward.

Communications and stakeholder engagement

25. The July / August period has been relatively quiet on the external communications front, although the pace will hot up in September and October with some high profile publications, speaking events and engagement with Welsh stakeholders via the Legal Wales conference.
26. The main external communications exercise was in support of the *learning disabilities* research mentioned above, which was produced in cooperation with the Consumer Panel and Mencap. We secured a slot on BBC Radio 4s *You and Yours* programme in which the report was discussed. Mencap were interviewed as was a person with learning disabilities who was used to illustrate the piece.

This has also generated enquiries from law firms with a specific interest in the area and they have been pointed in the direction of The Law Society

27. The other piece of significance was an article in Modern Law magazine on the understanding consumers who don't choose, use or trust lawyers research.
28. Finally, the executive has agreed to trial limited use of Twitter as an additional means of sharing our press releases, latest news and publications. Clear guidance has been drafted for use of the account which will be managed by the Communications Manager.

03.09.13