

# QUARTERLY PROJECT HIGHLIGHT REPORT



**PROGRAMME/POLICY AREA:** A: Regulatory Performance and Oversight

**KEY OBJECTIVES:** Developing Standards and Performance, Reviewing progress on prior year initiatives, Reviewing of regulatory sanctions and appeals processes, Ending the transitional arrangement for licensable bodies and the regulation of “special bodies”.

**LINK TO REGULATORY OBJECTIVES:** RO1, RO4, RO6, RO7

## PROJECT HEADLINES

### Key achievements of Q3 13/14 reporting period:

#### Developing standards and performance:

- On 15 October, the Board considered a paper that:
  - updated them on the progress the regulators have made with their action plans
  - suggested various ways the regulatory standards work programme could progress in 2014/15
  - proposed a focus on thematic reviews.
- The Board requested that the self-assessment process for 2014/15 be carried-out in much the same way as it was in 2012/13, with a focus on areas where regulators can make improvements. We therefore reviewed the factors that will be used in the 2014/15 self-assessment exercise to see whether regulators are to the top or bottom of the scale. This includes reviewing the template against the updated *Regulators’ Compliance Code*, the *Duty to Have Regard to Growth* (both from the better Regulation Delivery Office), other relevant Government policies and other developments in regulation to ensure that our approach in 2014/15 is in line with best regulatory practice.
- The Board agreed to conduct a programme of thematic reviews and requested reasoned cases for potential themes so that they can decide which reviews should be carried out. A template has been produced for prioritising subjects and assessing potential topics against the regulatory objectives, risks, impact and better regulation.
- Met the Director of Authorisation at the SRA to discuss progress on ABS authorisations and analysed the December data on ABS authorisations. The topics discussed with the SRA included their work surveying applicants, progress overall and progress on MDP-type applications.

#### Reviewing progress on prior year initiatives:

##### *Immigration:*

- Due to resource issues this work has now been rescheduled for completion in Q1 2014/15.

##### *First-tier complaints handling (FTCH):*

- Board paper presented to November meeting. Paper reviewed responses by the approved regulators to the questions we posed in July 2012, existing and forthcoming research and initiatives, and resulting recommendations. Aside from minor ongoing actions, no further work is proposed on FTCH for the coming year, this is on the basis that work targeted at liberalisation initiatives is more likely to deliver the desired outcomes than further pressure on regulators and reflects some research (LSB and Consumer Futures) that may indicate improvements in complaint handling. New text prepared for LSB website on progress and next steps. This includes publishing regulator responses to the July 2012 review.
- Joint letter with LeO agreed and issued to the approved regulators commending LeO’s work to help lawyers with complaint handling
- We wrote to the SRA and BSB seeking an update on progress following a meeting this June on ensuring solicitor cooperation with barrister complaint signposting obligations. A meeting was held in December with the SRA and BSB and steps have now been agreed (on both sides) to ensure required cooperation.

### **Review of regulatory sanctions and appeals processes:**

- Discussion document prepared for the November Board meeting that:
  - assessed risks to consumers posed by the complexity of sanctions/appeals arrangements
  - explained the potential various outcomes of using different regulators' arrangements and for ABS and non-ABS businesses
  - identified best practice and its uptake
  - established if regulators have appropriate powers to deliver compliance through their sanctions and appeals regimes
- The Gateway Group discussed the paper and considered that since the recommendations of the paper would require either changes to statute or precedent making court decisions then it was unclear what the purpose or outcome of any consultation would be because it is unlikely that the LSB, on its own, would be able to deliver the changes proposed. It was therefore felt unnecessary to seek detailed commentary from regulators and others on the proposals and so a research paper will be produced and published instead. The draft of this paper will be presented to the LSB board in January.
- We have received comments from the approved regulators (and the SDT and TBAS) on the summary charts we have produced on their sanction and appeal arrangements. We have edited the charts to reflect these comments.

### **Key activities for Q4 13/14 reporting period:**

#### **Developing standards and performance:**

- Present paper to January board that includes the revised 2014/15 regulatory standards self assessment template.
- Finalise the thematic review template and work up a number of examples for the Board's views.
- Present paper to January Board meeting which will consider the progress made by the SRA on ABS authorisations during 2013. The paper will look particularly at the position of so called multi disciplinary firms, the impact of the changes made by the SRA (including the introduction of the single form) and consider next steps for the LSB.

#### **Reviewing progress on prior year initiatives:**

##### ***Immigration:***

- Rescheduled

##### ***First-tier complaints handling:***

- Agree further joint working initiatives with LeO, mostly likely starting with its research on the business case for complaint handling
- Consider the need for correspondence with the Faculty Office, e.g. in relation to provisions that allow for charging members of the public who wish to make a complaint

#### **Reviewing of regulatory sanctions and appeals processes:**

- Finish drafting the sanctions and appeals research paper to present to January board for discussion.
- Subject to board approval, circulate to regulators and publish. We will pursue the recommendations in the paper through the blueprint work and, where we are able to influence, through regulatory standards.

PROJECT MILESTONES		
PROGRAMME / POLICY DELIVERABLES	PROJECT MILESTONE	MILESTONE DELIVERY DATE
Developing standards and performance	<ul style="list-style-type: none"> <li>Receive and review reports from regulators on progress on delivering their action plans and other areas where action is needed</li> <li>Provide report to Board with update on progress</li> <li>Finalise plans for future self-assessment</li> </ul>	Ongoing Q1-4  Completed (15 October 2013)  March 2014
Immigration	<ul style="list-style-type: none"> <li>Review qualifying regulator's progress to achieving the outcomes for consumers set out in our July 2012 letter to regulators</li> </ul>	Rescheduled to be completed in 2014/15
First-tier complaints handling	<ul style="list-style-type: none"> <li>Receive and analyse reports from regulators on progress against actions points set out in our July 2012 letters</li> </ul>	Completed (November 2013)
Review of regulatory sanctions and appeals processes	<ul style="list-style-type: none"> <li>Publish discussion document</li> <li>Publish Decision Document</li> <li>Publish research paper</li> </ul>	Re-scoped will now published research paper in January 2014

RISKS (new or raised):				
Risk	Impact (1-5)	Likelihood (1-4)	RAG Rating	Action Taken
[REDACTED]				

ISSUES:		
ISSUE	PRIORITY	ACTION TAKEN
As above		

OVERALL STATUS:	
4	[REDACTED]
3	
2	
1	

# QUARTERLY PROJECT HIGHLIGHT REPORT



**PROGRAMME/POLICY AREA:** B: Strategy Development and Research

**KEY OBJECTIVES:** Reviewing the Scope of Regulation, Developing a Workforce for a Changing Market, Putting consumer interests at the heart of regulation, Cost and complexity of regulation, Research – evaluation and evidence

**LINK TO REGULATORY OBJECTIVES:** RO1, RO2, RO3, RO4,RO5, RO6, RO7, RO8,

## PROJECT HEADLINES

### Key achievements of Q3 13/14 reporting period:

#### **Cost and Complexity:**

- Identified and written to key stakeholders with whom there is benefit in engaging about our reform proposals
- Begun scenario planning for possible outcomes from the MoJ's review of regulation, including analysis of proposals within other responses.
- Provided a supplementary paper to MoJ officials with proposals for deregulation and easing the cost burdens on different parts of the legal profession
- Submitted a response to MoJ review of independent criminal advocacy. The response was also published on the LSB website and press released.

#### **Scope of Regulation:**

- Wrote to approved regulators asking for information about the action they have taken or intend to take as a result of our findings from the will-writing investigation however we made clear that we do not expect increased regulation specifically in relation to will-writing.
- Engaged with relevant consumer groups, charities etc to see whether they have, or intend to, initiate or update any policies relating to will-writing given the evidence of detriment we found.
- Organised stakeholder roundtable for January to explore what can now be done to make the will-writing and estate administration markets work better for stakeholders

#### **Developing a changing workforce for a changing market.**

##### ***Education and Training:***

- Attended the Westminster legal policy forum keynote seminar on LETR, the ILEX LETR summit and the Future of legal education and the legal profession conference.
- Undertook an initial review of the BSB and SRA policy statements on education and training.
- Consultation on proposed statutory guidance closed 11 December, responses analysed and draft summary document has been produced for January Board.
- Developed key messages to inform CEO and Chair level discussions

**Diversity:**

- Received update from the SRA on the comparative case review considering issues of disproportionality in disciplinary cases involving BME members of the profession, which Professor Gus John is completing for the SRA. Met Professor Gus John in December to discuss review.
- Published the summary of our report on regulators' progress delivering the objectives in our diversity guidance including the actions agreed at the diversity roundtable. The summary report has also be sent to regulators for information.
- We met the Judicial Appointments Commission to discuss the work they are doing to monitor the diversity of applicants.
- David Edmonds and Chris Kenny met Dame Ursula Brennan, Permanent Secretary at the MOJ, to discuss the LSB's work on diversity. We highlighted the need for issue to be on regulators' agendas in discussions, as they could reach individual firms and Chambers, whereas professional bodies tended to only reach the already converted

**Quality Assurance:**

- QASA judicial review hearing held. Decision expected in the new year.
- Completed analysis of issues in relation to the provision of regulatory data and began scoping how we will revisit progress against the quality success criteria
- Met SRA, CLC, LEO ,and LSCP to discuss lack of progress on sharing regulatory data with third parties. Limited progress to date and little buy in to need to support consumer choices .
- Visited SRA risk team to understand how they use information to target risks, including the issue of poor quality.
- Met LeO to clarify the LSB's requirements under the section 120 request to the Ombudsman in relation to data and information about complaints concerning price transparency.

**Research:**

- Continued management of research projects including:
  - An assessment of the most effective methods of supporting consumers to identify and respond to legal problems
  - How do consumers' attitudes and beliefs about the law affect their responses to legal problems?
  - What lessons can be learned from the personal injury market?
- Published:
  - Investigation into competition and regulation - in house analysis looking at changes in competition in different segments
  - Consumers' valuation of regulation – applying for the first time contingent valuation research methods to legal services regulation to provide a basis for more objective cost benefit analysis of regulation
  - Investigating barriers to entry exit and merger – Jointly funded project with the Law Society to identify potential regulatory barriers and inform the Cost and Complexity of Regulation project.
- Refreshing and updating of research web pages library.
- Drafting of specifications for remaining planned 2013/14 research projects .

**Consumers:**

- Completed and launched toolkit document to colleagues and Legal Services Consumer Panel for six month trial.
- Toolkit 'quick links' image circulated

**Key activities for Q4 13/14 reporting period:**

**Cost and complexity:**

- Continue to engage with stakeholders and MoJ
- Conduct further analysis of how and where regulatory burdens can be reduced for providers and innovation encouraged
- Chair to meet Chris Grayling

**Scope of Regulation:**

- Host roundtable of industry stakeholders and market participants to encourage industry led action to improve these markets for consumers
- Write to MoJ with update of action taken to encourage action to improve the market for consumers
- Close project

**Developing a changing workforce for a changing market.**

***Education and Training:***

- Complete analysis of consultation responses and present paper to Board and, if required, publish final guidance.

***Diversity:***

- Continue to monitor regulators' work on diversity
- Engage with researchers carrying out research into how lawyers judge talent and how this compares to the perceptions of clients over what they look for from lawyers.
- Establish whether similar research is being proposed elsewhere and analyse differences

***Quality Assurance:***

- Continue scoping how we will revisit progress against the quality success criteria and potential LSB actions, through developing an options paper for consideration at the Gateway Group in January 2014.
- Any action required following decision on QASA Judicial Review

**Research:**

- Managing ongoing projects through tender evaluations, contract finalisation, meetings, and end communications as above.
- Refreshing and updating of research web pages library.

PROJECT MILESTONES		
PROGRAMME / POLICY DELIVERABLES	PROJECT MILESTONE	MILESTONE DELIVERY DATE
Diversity	<ul style="list-style-type: none"> <li>Engage with academics carrying research into best practice and conceptualisation of talent to promote a positive approach to diversity issues with progression and retention</li> </ul>	Milestone re-scoped due to external interest in carrying out the research 31/03/2014
Approaches to Quality	<ul style="list-style-type: none"> <li>Revisit actions on comparison websites with regulators</li> </ul>	Completed (31/12/2013)
Consumers	<ul style="list-style-type: none"> <li>Review consumer toolkit to update and reflect BS18477 and consider how to make available to regulators</li> </ul>	Completed (31/12/2013)

RISKS:				
RISK	IMPACT (1-5)	LIKELIHOOD (1-4)	RAG RATING	ACTION TAKEN
[REDACTED]				

ISSUES:		
ISSUE	PRIORITY	ACTION TAKEN
As above		

OVERALL PROJECT STATUS:	
4	[REDACTED]
3	
2	
1	
0	

# QUARTERLY HIGHLIGHT REPORT

**PROGRAMME/POLICY AREA:** External relations

**KEY OBJECTIVES:** Communications and public affairs

**LINK TO REGULATORY OBJECTIVES:** N/A

## PROJECT HEADLINES

### Key achievements of Q3 13/14 reporting period:

- Continue to manage publication and dissemination of LSB activity
- LSB attendance and participation at a number of sector conferences including the360 Legal Group Ltd Annual conference, Young Barristers' Committee Annual Conference, Legal Wales Conference, CEPLER Conference, Legal Futures Conference '2020 vision', CLC annual conference, Risk Management for Law Firms Conference
- Draft business plan published for consultation.
- OLC Chair appointed included briefing for appearance at Select Committee
- Issued first Parliamentary e-newsletter

### Key activities for Q4 13/14 reporting period:

- LSB attendance and participation at a number of sector conferences including the ACAS Conference for SME's on legal services market, Upjohn Lecture, the Society of Legal Scholars Annual Presidents reception.
- CEO to address Harvard Law School
- Finalise 2014/15 Business plan

## PROJECT MILESTONES

PROGRAMME / POLICY DELIVERABLES	PROJECT MILESTONE	MILESTONE DELIVERY DATE
Communications and Public Affairs	<ul style="list-style-type: none"> <li>• Conduct programme of speeches</li> </ul>	On-going

## OVERALL PROJECT STATUS:

4	[REDACTED]
3	
2	
1	
0	



# QUARTERLY HIGHLIGHT REPORT



**PROGRAMME/POLICY AREA:** Finance and Funding Mechanism (Levy)

**KEY OBJECTIVES:** Finance

**LINK TO REGULATORY OBJECTIVES:**

## PROJECT HEADLINES

**Key achievements of Q3 13/14 reporting period:**

- Draft budget for 2014/15 prepared and agreed by Board.
- Monthly financial reports for monitoring of LSB’s spending position to the Board, Executive Group and budget holders
- Financial appraisal of spending decisions
- Meetings with approved regulators to ascertain initial views/concerns about the review of the levy funding mechanism completed
- Consultation document on review of levy funding mechanism published

**Key activities for Q4 13/14 reporting period:**

- Levy rules consultation close and review responses
- Agree levy Rule changes with board and begin statutory process
- Agree Budget for 2014/15
- Monthly financial reports for monitoring of LSB’s spending position to the Board, Executive Group and budget holders

## PROJECT MILESTONES

PROGRAMME / POLICY DELIVERABLES	PROJECT MILESTONE	MILESTONE DELIVERY DATE
Levy Review	<ul style="list-style-type: none"> <li>• Informal meetings with Office for Legal Complaints</li> <li>• Prepare and publish proposals for consultation</li> </ul>	Completed (30/09/2013) Completed (31/12/2013)
Ensure that the LSB does not breach its expenditure budget	<ul style="list-style-type: none"> <li>• Provide monthly financial reports for the Board and MoJ</li> </ul>	On-going

## OVERALL PROJECT STATUS:

4	[REDACTED]
3	
2	
1	
0	

# QUARTERLY HIGHLIGHT REPORT



**PROGRAMME/POLICY AREA:** Risk

**KEY OBJECTIVES:** Ensuring that a system of risk management is maintained to inform decisions on financial and operational planning

**LINK TO REGULATORY OBJECTIVES:** All projects are risk assessed and measures taken to mitigate or exploit are integral to planning, approval and operational activities

## PROJECT HEADLINES

### Key achievements of Q3 13/14 reporting period:

1. Risk management strategy agreed by Audit and Risk Committee and endorsed by Board
2. Final Audit and Risk committee meeting of 2013 held.
3. Regular monthly review of risk at Gateway meetings

### Key activities for Q4 13/14 reporting period:

4. Hold first Audit and Risk Committee meeting of 2014
5. Regular monthly review of risk at Gateway meetings

## PROJECT MILESTONES

PROGRAMME / POLICY DELIVERABLES	PROJECT MILESTONE	MILESTONE DELIVERY DATE
Formal risk management system maintained by executive and reviewed by Audit and Risk Committee	<ul style="list-style-type: none"> <li>• 3<sup>rd</sup> Audit and Risk Committee meeting of 2013 held</li> <li>• 1<sup>st</sup> Audit and Risk Committee meeting of 2014 held</li> </ul>	Completed (23/10/2013)  March 2014
All projects are risk assessed and measures taken to mitigate or exploit are integral to planning, approval and operational activities	<ul style="list-style-type: none"> <li>• Ongoing project and corporate risk maintenance in line with risk strategy</li> </ul>	On-going

## PROJECT RISKS:

RISK	IMPACT (1-5)	LIKELIH OOD (1-4)	RAG RATING	ACTION TAKEN
N/A				

## OVERALL PROJECT STATUS:

4	[REDACTED]
3	
2	
1	
0	