

To:	Legal Services Board	
Date of Meeting:	9 July 2014	Item: Paper (14) 40

Title:	Chief Executive's Progress Report - July 2014	
Workstream(s):	All	
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Status:	Official	

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)		
Para ref	Fol exemption and summary	Expires
TBC		

LEGAL SERVICES BOARD

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Chief Executive's Progress Report - July 2014

Operations and governance issues

1. Saxton Bampfylde have been engaged to support you in the recruitment of my successor and advertising has appeared online in The Guardian, Sunday Times and Executive Appointments. There will be opportunity to discuss this process in the private session at the end of the meeting.
2. At the time of drafting, we are still awaiting the start of a recruitment campaign for LSB Members. We have offered to support the financing of this campaign by paying for print advertising to ensure so far as we possibly can that we attract the most diverse field of candidates including those how may not be actively seeking role by looking at online sites. Disappointingly, rather than being graciously accepted, this offer appears to have been treated as some sort of dangerous precedent setting exercise and has met with such a degree of bureaucracy and hostility that we will not pursue.
3. One colleague recruitment is underway – for a Project Manager in lieu of Chris Handford's appointment to the Head of Research and Development post. Pending possible additional recruitment of an additional associate on the research area, we are back to full strength in the team.
4. Jeanette Fordyce-Harvey has joined us to provide maternity cover for Anna Castiello as PA to the CEO and Chair.
5. In June, all colleagues undertook online equality and diversity training to raise awareness of this important issue. Our bespoke – and mandatory – training programme will be running on two dates later this year and all Board Members who have not been on the training will be asked to attend alongside new colleagues.

SRA performance on ABS authorisation

6. The ABS authorisation data provided by the SRA on 13 June 2014 showed that:
 - It takes on average just under 7 months from the submission of an application for a firm to be granted an ABS licence;

- of the applications submitted since the introduction of the single form (June 2013) the average time taken for a licence to be granted is just over 5 months;
- the SRA has reduced its work in progress from 142 applications in January 2013 to 36 in June 2014 and during this time it has closed 92 applications through withdrawal and granted 232 ABS licences;
- the average age of a work in progress application is 3 months; and,
- none of the work in progress applications are older than 9 months and only 1 application is over 6 months old.

7. Figure 1 shows the age profile of the work in progress during each of the months we have been monitoring the SRA. It shows the reduction of very old applications. For instance in January 2013, when we started monitoring, 51 applications (35% of WIP) were over 6 months old, now only one application (3% of WIP) is that old.

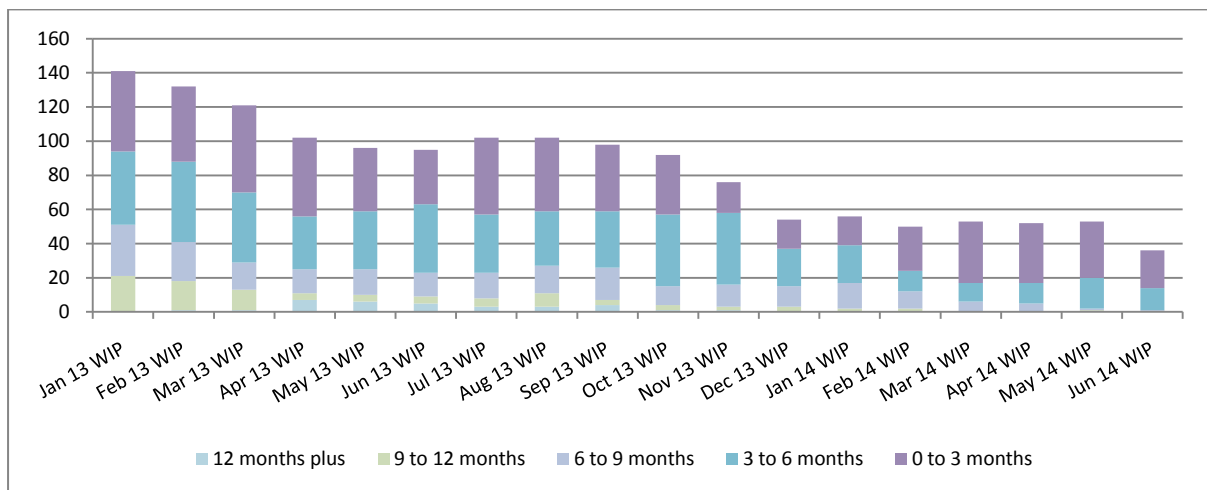


Figure 1: Age profile of work in progress ABS applications

8. The SRA does not issue an invoice until it deems “stage 1” is complete, and it does not consider that the statutory decision period of six months (extendable by three) begins until that invoice is paid. Table 1 looks at the quantity and age of the SRA’s work in progress according to the SRA’s own categories. The table shows that 36% of the SRA’s work in progress is at “stage 1”. Previous reports have suggested that it was taking around three months for an application to complete stage one and so be issued an invoice. This latest data suggests that this may now be down to around one month. This improvement may be down to the SRA’s new triaging approach to initial applications or it may simply be attributable to the reduced workload. Either way it is welcome, as is the SRA’s recent first public statement of their intent to move towards an end-to-end process of 3 months in total.

	Number	Oldest	Average	%age
New application	0	n/a	n/a	0%
Stage 1 - Complete Application	13	1	1	36%
Stage 2 - Research	9	6	3	25%
Stage 3 - Evaluation	5	4	3	14%
Stage 4 - Decision	9	7	4	25%

Table 1: Breakdown of SRA work in progress

9. Figure 2 shows the time taken from submission of the application to the granting of an ABS licence up to 13 June 2014. 46% of successful applicants were granted their licence within six months of submission of the application.

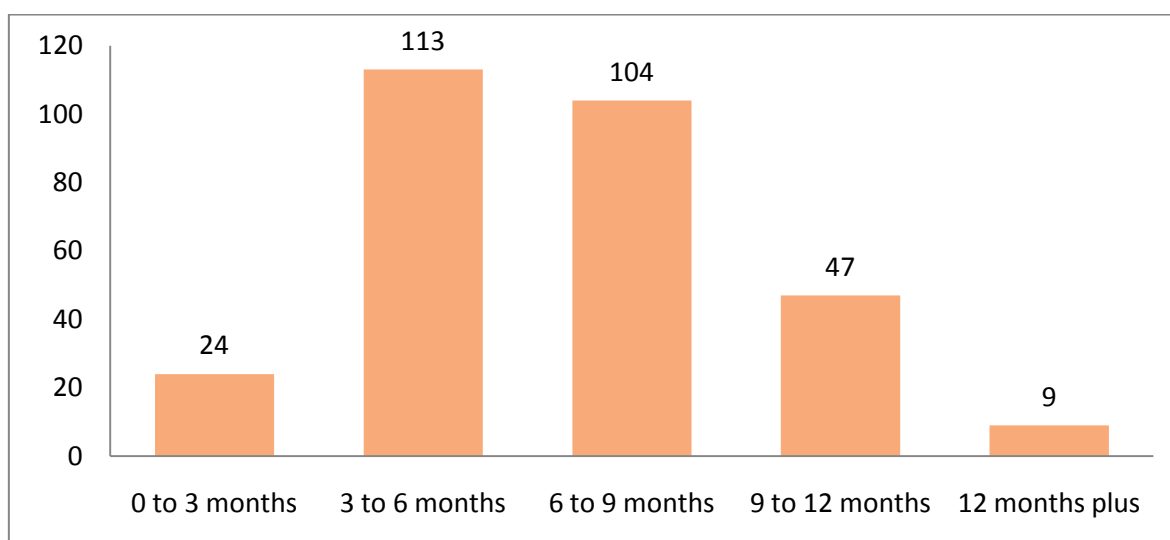


Figure 2 Time taken for ABS licences to be granted

10. The SRA's consultation on authorising ABS multi disciplinary practices (MDPs) has closed. We understand that a decision will be taken by the SRA Board at its September meeting on the way ahead. Looking at the SRA's most recent data in terms of performance in authorising s MDPs, the SRA has received approximately 36 applications from MDP type firms. It has granted 21 licences to those applicants, 14 withdrew their applications, and two remain work in progress. Of the 21 granted a licence, over half required a waiver. Excluding those applicants for which we cannot determine a sector, it takes a longer average time for an MDP type application to be granted an ABS licence (8.2 months) than any other category of applicant. This category of applicant has the second highest withdrawal rate after 'business services' applicants.
11. At a meeting with the SRA on 30 May, there was broad agreement on the issues we raised about their approach to the operation of Schedule 13 of the Act, as discussed at the May Board. It intends to carry out a "fundamental and swift" review of its processes. This is expected to start in late July, with internal workshops. The SRA predicts changes which will significantly simplify its regulatory arrangements and create capacity for future improvements. The review is likely to fit into its wider review of its Handbook (for October 2016). It is also thinking about how to educate and build trust in applicants.

Statutory Decisions

Changes to regulatory arrangements

12. Since my last report, I have approved one exemption direction relating to the Solicitor's Regulation Authority's training regulations.
13. The application from the Bar Standards Board (BSB) seeking approval of regulatory arrangements for the authorisation and regulation of entities was received on 25 June 2014. There is a separate paper on the agenda that covers the main issues arising from the application. We are also considering the interaction between this application, their proposed review of public access arrangements and the undertakings given about reviewing the Cab Rank rule in relation to public access.

Statutory orders

14. We continue to work closely with Ministry of Justice (MOJ) and approved regulator colleagues on the various orders related to the designation application decisions.
15. Approved regulator designation orders have now been laid in Parliament for the Institute of Chartered Accountants in England and Wales (ICAEW) and the Chartered Institute of Legal Executives (CILEx). It is anticipated that the ICAEW order (which was laid on 16 June 2014) will complete its passage through the parliamentary process before the summer recess. The CILEx order (which was laid a week later) is expected to be completed in the autumn. In addition, on 9 June, two orders were laid under section 80 of the Act (establishing the General Regulatory Chamber of the First Tier Tribunal as the appellate body for ICAEW and the Intellectual Property Regulation Board (IPREG)). The ICAEW designation order and the section 80 orders were debated in the House of Lords on 1 July, and the motion was agreed in respect of all of them.
16. Work continues on a range of section 69 orders (modifying functions of approved regulators) which are related to the designation orders. We have commenced the consultation process on the CILEx order and those for ICAEW and IPReg are scheduled to start in July. There is also an order for the Council for Licensed Conveyancers (though this is not linked to a designation order).
17. For all section 69 orders, the recommendation to the Lord Chancellor must be made by the Board. In order to ensure that the process is not delayed because of our Board meeting dates, we expect to seek Board approval for the recommendations via electronic exchanges of correspondence.

18. More generally on the process for orders, I have received a response from Shaun Gallagher (Director, MOJ) to my letter of 6 May which acknowledges our frustration with the existing process but offers little by way of hope that much can be done to reduce the timescale. We have started discussions with the MOJ on the next order (for the BSB) and will use this to review the process in more detail.

Forthcoming Applications

19. The SRA's proposals on

- Changes to the arrangements for compulsory personal indemnity insurance for regulated entities that would reduce the minimum required cover from £2m (or £3m for incorporated firms) to £500,000;
- changes to the compensation arrangements to remove the ability of large organisations and financial institutions to claim on the compensation fund; and
- removing the requirement for accountants' reports on client accounts

have proved controversial. Both the Chairman and I have been lobbied by the Law Society at a level not seen for a considerable time. The SRA Board will consider the proposals at its meeting on 2 July, and a verbal update on that discussion will be provided.

QASA judicial review

20. There is nothing further to report at present, pending the Court of Appeal hearing which is fixed for 16 July

Access to data

21. At the 24 March roundtable that we co-hosted with the LSCP, the regulators agreed in principle to publish the information in their professional registers in an easily downloadable and reusable format. We wrote to them on 4 April, following up on 20 June, asking for confirmation of the following:

- When information that the regulators hold could be provided;
- The core minimum dataset which could be made available by the middle of this year;
- The timescale for release of this core minimum dataset (including room for Board agreement etc);
- What work can be carried out in the next 2-3 months in order to make progress on delivery of the data.

22. We have received responses from all of the regulators, except the BSB and the Master of Faculties who have not responded to either letter.

23. The CLC have made the most progress and have published, in a dated excel spreadsheet, a core minimum data set on licensed conveyancers and practices. We are waiting to hear what the outcome is of discussions on the publication of data that the IPS Board have had in May and the CLSB are having in July. The SRA have previously explained that the technical issues with publication are tied up in their R-View change programme and they should be able to provide confirmation of a publication timetable once the R-View work programme is confirmed. IPREG have confirmed the data they currently publish but this is not in an easily downloadable and reusable format and no information has been provided on any plans in relation to this. The ICAEW have been less than positive in their response and have expressed a number of concerns with the publication of data. It is hoped that we would be able to provide them with reassurance on these issues.

24. In short, progress is slower than ideal and rather less than was promised. We will keep the Board updated.

Research

25. Since the last Board meeting we have:

- Published final reports on the following research projects: [How people resolve legal problems](#) - civil and social justice survey data analysis, and [Helping Legal Services Consumers make better decisions](#) – how regulators can use behavioural economics. Both are designed to encourage regulators to take more concrete action on the public legal education regulatory objective.
- Held a research briefing event on 23 May at UCL, which was attended by a wide group of stakeholders including representatives from SRA, BSB, IPS, and CLC.
- Finalised the research specification for the quality and price information research project, and shared this with the Competition and Markets Authority seeking their engagement in the project. This is to support the *Approaches to Quality* work stream.
- Concluded discussions with SRA on a potential joint research project into innovation capabilities and barriers in legal services, and opened tender exercise. SRA are managing the procurement. This will provide information to support more objective analysis of changes in competition going forward, and provide targeting data on possible regulatory barriers.
- Delivered a presentation at the UCL Access to Justice conference on why there is a need for change, changes we have seen so far, and the need for regulators to balance regulatory risks going forward.
- Received the final report on the personal injury market study: *Access to Justice: Learning from long term experiences in the personal injury legal*

services market – an area where there is strong and conflicting stakeholder views, but little evidence.

- Held follow up meeting with the CEO of the Legal Education Foundation, to explore the potential for joint funding of large scale legal need surveys. These support the evaluation of market reforms from the consumers perspective. This is a potentially very valuable partnership for both parties.

26. Over the coming period we expect to:

- Draft the research specification for the cost of regulation project, following discussion with Chris Decker of Oxford University, our specialist economic adviser of the cost of regulation project;
- Complete and agree the handling plan and then publish the final report on the personal injury market study: *Access to Justice: Learning from long term experiences in the personal injury legal services market*;
- Publish tender for quality and price information research project
- Start in house literature review on the impacts of open data in other sectors.

Legal Services Consumer Panel

27. Since our May meeting, the Panel has published its Annual Report and the results of its Tracker Survey (which Members will have seen reported in the trade press) and responded to numerous consultations including the SRA package of reforms. The Panel raised a variety of objections to the proposals which they felt to be counter to the interests of consumers.

Office for Legal Complaints

28. The Chairman and I had our first four-way meeting with OLC/LeO since both new Chairs began their terms. There was agreement that these meetings should be central to the relationship between the organisations, and would be the main mechanism for ensuring the absence of surprises in announcements. Venues would alternate between London and Birmingham and result in the production of an agreed action note.

29. Steve and Adam outlined their aspirations for the organisation which address many of the issues that the Board raised in May, including cost reduction. They hope to see significant progress by September and Mike has asked Steve to write to him after the OLC Board on 16 June in a form to be shared with the LSB Board.

30. The meeting also considered the desirability of:

- Finding ways of influencing each other's strategic thinking at an appropriately early stage possibly in July

- More specifically, early visibility of each other's research plans to identify areas for collaboration and to avoid duplication
- Early discussion between OLC and LSB research colleagues on scope of new IT to understand opportunities and constraints

31. The Board may wish to be aware that the timetable for OLC taking on claims management complaints is now being described as 'winter'.

32. We also submitted our response to BIS's consultation on the Implementation of the EU ADR Directive in which we indicated our wish to be appointed as the Competent Authority for the OLC if the final decision is to allocate this role to existing regulators. We also signalled our willingness to engage with them on the more complex issues around acting as the Competent Authority for ADR schemes for the none regulated legal services, complaints arising from claims management companies and the position should OLC extend their jurisdiction beyond legal services.

Meeting with the senior judiciary

33. On 22 May, the Chairman, Nick Glockling and I met the Lord Chief Justice (LCJ), Mr Justice Singh and Mrs Justice Rose. The LCJ used the meeting to welcome Mike to his new role, and to offer his assistance, and that of his colleagues, in matters of shared interest. Discussion covered inter alia the quality of advocacy, the absence of significant price competition in litigation services and the impact of changes in the market on privilege. A follow up meeting is fixed for 16 July to identify specific areas of collaboration.

Communications and stakeholder engagement

34. The period since the last Board meeting has been relatively quiet. A number of communication activities however were undertaken.

35. The Chairman and I met Shailesh Vara MP in June, This was both an introductory meeting for the Chairman but also an opportunity to discuss our Annual Report which was laid on the same day. We also discussed the upcoming Regulators' Summit and I will update Members on how this event is progressing at the meeting.

36. The third LSB news email was sent out to political stakeholders on 22 May. To date we have only had about a dozen requests to unsubscribe from the mailing list (from a distribution of over 1,600) and each newsletter publication has been accompanied by a spike in website visits (a spike between September and October 2013 of 9,467 hits and a spike of 3,493 hits between February and March this year).

37. On 1 July, the Chairman held a well received roundtable with legal journalists. This was his first meeting with the legal press, and it was attended by journalists from Legal Futures, the Law Society Gazette, the Solicitors Journal, Modern Law magazine, Economica (ICAEW internal magazine) and a number of free lance legal journalists. This round table will be followed up with one on one interviews in the early autumn. Discussion focussed on prospects for a single regulator, will writing, ABS and the personal injury market and education and training.
38. We also followed up reports of speeches made by the Lord Chief Justice and Lord Neuberger, both of which supported the idea of a single regulator for legal services.
39. We are participating actively in the International Regulators' Conference on 8 and 9 July with my doing a session on the cost of regulation and Rob Cross presenting on the impact of non-lawyers on the legal services market.
40. The number of LSB twitter followers now stands at 515 (26 June).