

# 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 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 Q2 14/15 reporting period:

#### Developing standards and performance:

- We have:
  - gathered evidence for 2014/15 review and provided feedback to the CLSB, BSB and CLC on their draft update self-assessment for 2014/15.
  - prepared to receive self- assessments from the beginning of October.
  - rescheduled the 14/15 regulatory standards report to February 2015 due to the late January Board meeting
- We have been preparing for the 2015/16 regulatory standards self assessment by:
  - working on a draft questionnaire to be used to gather third party intelligence information on the performance of the regulators from informed consumers, the regulated community and other interested organisations
  - shifting the self-assessment indicators into direct questions to enable more succinct responses from regulators.
  - developing Board proposals on the proposed approach for the 2015/16 regulatory standards assessment.
- We have reviewed data on SRA ABS performance, raising some specific queries regarding missing information. The SRA have indicated that they intend to review the authorisation process and simplify. Their performance continues to improve and work-in-progress times are down. We will be writing to them to congratulate them but we will continue the monitoring work for the time being.
- We have met BIS officials to discuss proposals for small business appeals champions and how they relates to the LSB, approved regulators and our regulatory standards work. Subsequent to this meeting, we provided comments to BIS on its proposals and how this initiative might work in the legal services sector.

#### Thematic Reviews

##### *Schedule 13 review:*

- Progress is now to a large degree dependent on the SRA progressing a review of its processes and procedures, which it previously indicated it was committed to complete in July. Changes in SRA personnel have meant that there has been a delay to its start and although the SRA still appears open to carrying out a wholesale review, its timetable is as yet unclear and may be longer than originally predicted. SRA have proposed a workshop to discuss issues at the beginning of October. Work will feed into a new IT system due for implementation in March 2015, and potentially into a second system due around 2016.

##### *Section 15 review:*

- Finished detailed scoping and developed programme deliverables including specifications for legal review and framework for review of regulatory arrangements

- Completed initial legal analysis which will be used to benchmark existing regulatory arrangements for in-house/employee practice
- Begun reviewing each approved regulator’s regulatory arrangements for in-house/employee practice and drafted an internal working paper summarising desk research on regulatory arrangements for individual lawyers, including comparison of rules, identifying point for clarification
- Held initial discussion with SRA re: their plans for work on in-house practice – to manage risk of possible overlap
- Produced and circulated internal briefing note on review
- Reviewed previous LSB publications and decisions, for precedent and lines of inquiry

**Regulatory restrictions:**

- Completed a review on business ownership restrictions against the regulatory objectives and principles of better regulation and presented report explaining the legislative and regulatory landscape including the better regulatory principles, the regulatory objectives and the consumer principles to the Board at their September meeting.
- Board endorsed conclusions and approved it to be published in October

**Key activities for Q3 14/15 reporting period:**

**Regulatory standards:**

**2014/15 self assessments**

- Receive and review reports from regulators

**2015/16 self assessments**

- Meet with each regulator to discuss our planned approach and gather their feedback
- Present paper to November Board with our final recommendations

**Thematic reviews**

**Schedule 13 review:**

- Attend SRA workshop
- Put in place arrangements (s55 notice)) to receive SRA management information reporting for its review and track its progress against plans.

**Section 15 review:**

- Summarise relevant regulatory arrangements for ABS employers
- Check understanding of regulatory arrangements with regulators and draft working paper on themes in regulatory arrangements
- Continue developing scenarios
- Develop LSB benchmark on s15 to support interpretation

**Regulatory Restrictions:**

- Publish report and close down project

PROJECT MILESTONES		
PROGRAMME / POLICY DELIVERABLES	PROJECT MILESTONE	MILESTONE DELIVERY DATE
Developing standards and performance	<b>2014/15 Assessment</b>	
	Collate and update intelligence on the performance on the approved regulators	On-going
	Regulators complete and submit update	October

	self-assessments/plans	2014
	LSB regulatory standards report is published	Feb 2015
	<b>2015/16 Planning</b>	
	External discussions on approach to regulatory standards in 2015/16	Completed (July 2014)
	External discussions on approach and short consultation for 2015/16 exercise	Complete (August 2014)
	Proposal and Board paper drafted	November 2014
THEMATIC REVIEW: Schedule 13 review	Consult on proposal for change (if necessary)	Re-scoped
	Submit recommendation to Lord Chancellor (if necessary)	Re-scoped
	Publish detailed scope and schedule for completion of review	Re-scoped
THEMATIC REVIEW: Section 15 review	Review of relevant regulatory arrangements	Dec 2014
	Publish interpretation and review for comment	Feb 2015
	Review responses and present finding to Board	May 2015
THEMATIC REVIEW: Business ownership restrictions	Complete review of ownership restrictions against the principles of better regulation and regulatory objectives	Completed (August 2014)
	Complete review of consumer protection of ownership restrictions	Completed (August 2014)

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

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 Q2 14/15 reporting period:

#### **Regulatory reform:**

- Scope of work agreed and PID produced.
- Completed review of regulators' rule books to identify common areas to help frame research questions and initial review of published data on approved regulators' income
- Finalised the quantitative and high level survey of providers which will inform the project and generate respondents for a second more in-depth survey. The survey questions have been tested internally and the pilot survey currently underway
- First stakeholder reference group meeting held. A mix of CEOs, finance directors and policy staff from regulators, representative bodies, LeO and the Consumer Panel attended. The session was constructive, with all parties supporting both streams of the project.
- Communications work to raise profile of project and drive responses to questionnaire including:
  - Mention in Mike Pitt's speech to Westminster Policy Forum
  - New page on website

#### **Liberalising the legal workforce:**

##### **Education and training:**

- Maintained interest in changes made to education and training regulations by approved regulators including scanning consultations, rules applications, checking press cuttings and reviewing regulators' websites to identify relevant changes.

##### **Diversity:**

- Ongoing monitoring of approved regulators' work on diversity including:
  - Reviewed BSB report on their 2013/14 supervision exercise on compliance with the equality rules in the BSB Handbook
  - Obtained an update from IPReg on progress with the analysis of the diversity data they have collected
  - Reviewed IPS's 2014 diversity report and agreed how they would present their data in a sector wide data set
  - Identified gaps in the published diversity data that need to be filled to allow the compilation of a sector wide diversity data set
- Met Judicial Appointments Commission to discuss their work to increase the diversity of applicants to judicial office and subsequently provided them with information support their work.
- Published a press release welcoming the latest report from the Social Mobility and Child Poverty Commission. The report highlighted the over-representation of those educated at independent schools and Oxbridge in the senior levels of Britain's institutions and called for greater publication of diversity data and more flexible routes into professions. Wrote to them following a subsequent request for

information.

### **Improving the consumer experience:**

#### **Quality:**

- Completed analysis of the regulators' positions in relation to the quality success criteria published in our 'Approaches to quality' consultation response document, and wrote to the regulators to remind them that in the 2015/16 regulatory standards exercise we will be looking for specific evidence that they are taking action to deliver the success criteria, highlighting we are aware of only a limited number of examples of their activity in relation to the positive indicators of success. We received responses from BSB, IPReg and SRA and have set up meetings with them to discuss their activity.
- Replied to a letter from TLS which provided confirmation that the information collected by the SRA for regulatory purposes should be publically available and that this data is owned by the SRA
- Following their response or non-response to the joint letters sent by the LSB and Consumer Panel after the roundtable on regulators opening up of their data to third parties, we have sent further letters and emails to some of the regulators to maintain momentum with this work. Good recent progress with SRA, IPReg. CLSB, IPS and Master of Faculties. We have now also met the Consumer Panel to discuss and agree the next steps with this work
- Held a meeting with the Legal Ombudsman to discuss our response to the interim Section 120 report from the OLC on complaints received by the Ombudsman concerning transparency of the cost of legal services, and clarify our expectations for the final report due in April 2015
- Met the Competition and Markets Authority to discuss research on the availability of quality and price information for legal services for individual consumers. This work has since been put on hold due to recent progress by regulators on making core datasets available.
- Some milestones are due to be reprioritised until 2015 and 2016 due to changing priorities in the organisation and a lack of resources to complete the work (see project milestones)

#### **Complaints:**

- Responses received from the BSB and SRA on joint working initiatives to ensure barristers get the necessary cooperation of solicitors in meeting their complaint signposting obligations. They have agreed two milestones over the next 6 months:
  - September – respective supervision teams will meet to discuss general protocols and procedures for collaborative working and information sharing across all supervisory activity
  - November – they will meet again to discuss evidence of levels of compliance and barriers to success relating to client notification. Further actions to improve success rates will then be agreed.
- Further consideration of the Claims Management Regulator's Complaint Handling Rules. This includes seeking clarification on whether LeO will have ability to consider historic complaints (in relation to events before the CMCs become approved persons under the LSA). It now appears that an amendment will be needed to the LSA under s208.

#### **Research:**

- Managed ongoing projects through tender evaluations, contract finalisation, meetings and end communications including:
  - Published report into *What lessons can be learned from the personal injury market?*
  - Continued oversight management of *Online Divorce* research
  - Finalised legal terms of reference for joint SRA project on *Innovation: capabilities and barriers in legal service*. Research team project kick off meeting held. ARs approached to assist in case studies participants.
  - Legal needs survey – Met Legal Education Foundation Chief Executive, and agreed scoping paper for LEF board approval.

- Delivered presentation to the International Regulators Conference, 9 July
- Responded to MoJ request for information on a review of the legal services market.
- Review of ADR schemes have been rescheduled to be completed in 2015/16 as part of the full market Evaluation report.

**Key activities for Q3 14/15 reporting period:**

**Regulatory reform:**

- Launch survey
- Agree how to take forward costs of the regulators strand.

**Liberalising the legal workforce**

***Education and training:***

- Continue to maintain interest in changes made to education and training regulations by regulators

***Diversity:***

- Review regulators' progress against our diversity guidance and draft report and accompanying Board paper
- Continue development of the sector wide diversity data set

**Improving the consumer experience**

***Quality:***

- Continue to maintain momentum in relation to the publication by regulators of core regulatory data in a reusable format

***Complaints:***

- Keep up pressure on SRA and BSB on the outcomes of the joint meetings with SRA.

**Research:**

- Manage ongoing projects through tender evaluations, contract finalisation, meetings, and end communications as above.
- Innovation: Set up focus group with non SRA regulators.
- Legal needs: Meet LEF and Law Society to finalise approach to joint funding this survey work, draft research tenders (expectation is the project will require 3) .
- Build data sets for Evaluation: Measuring Access to Justice Report, review literature and wider developments.

PROJECT MILESTONES		
PROGRAMME / POLICY DELIVERABLES	PROJECT MILESTONE	MILESTONE DELIVERY DATE
Regulatory Reform	Gap analysis and assessment of the most viable options for collection of indirect costs for regulation	Completed (Sept 2014)
	Prioritisation of areas for analysis	Sept 2014
	Formation of stakeholder group	August 2014
	Publish research	March 2015
	Research: Costs of regulation survey	March 2015
	Research: Interviews	June 2015
	Research: Audit	April 2015
LIBERALISING THE LEGAL WORKFORCE: Education and Training	Report on regulators' progress	March 2015
LIBERALISING THE LEGAL WORKFORCE: Diversity	Report on regulators' progress	March 2015
IMPROVING THE CONSUMERS EXPERIENCE: Quality	Publish discussion paper about indicators for informed consumer decision making	Delayed until March 2016
	Consider appropriate action depending on the outcomes of 2013/14 research into effective methods to support consumers in identifying and responding to legal problems	Delayed until March 2016
	Depending on outcomes of research into: <ul style="list-style-type: none"> <li>Consumer information for regulation of complaints handling</li> <li>consumer experience of online divorce consider further action.</li> </ul>	Delayed until March 2016 Delayed Jan 2015
	Focus on developing regulators' own understanding of and response to consumer experience by contributing to 2014/15 regulatory standards exercise	Completed (July 2014)
	Research - Online Divorce	Jan 2015
	Research - The impact of 'unbundled' services on consumers	April 2015
	Research - Quality and Price Information	2015/16
	Research – Open Data and market impact case studies	2015/16
IMPROVING THE CONSUMERS EXPERIENCE: Complaints	Continue to monitor how regulators are using complaints data to identify emerging patterns of provider behaviour	March 2015
Research	Review of ADR schemes	Oct 2015
	PhD Student funding	Sept 2014
	Legal services benchmarking survey	June 2015
	Evaluation: changes in access to justice	Feb 2015

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

ISSUES:		
ISSUE	PRIORITY	ACTION TAKEN

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:** All

## PROJECT HEADLINES

### Key achievements of Q2 14/15 reporting period:

- Notable activities during the July- September period:
- The new Chair of the LSB made his first public speech to the *Westminster Legal Policy Forum* event on the future of legal services regulation on 4 September.
  - The Strategy Director spoke at a Notaries’ conference in Cambridge which was attended by just over 1/8 of all notaries in England and Wales.
  - Interviews provided to a number of trade publications including Modern Law, Legal Futures and Counsel Magazine. An explanatory article on recent LSB research was provided to Legal Action magazine.
  - A roundtable event was organised to introduce the new Chairman to the legal trade press.
  - Preparations started for the LSB October Board meeting and for a stakeholder event to take place in Cardiff.
  - The fourth edition of the LSB email newsletter was sent out to elected politicians in England and Wales (MPs, MEPs, Lords and Welsh Assembly Members).
  - The number of LSB twitter followers now stands at 640 (30 September) and is proving to be a key tool in making the profession aware of the many routine LSB activities which are undertaken on a day by day and week by week basis (e.g. decisions on rule approvals, exemptions, warning notices, etc.).

### Key activities for Q3 14/15 reporting period:

- LSB meet the profession event in Cardiff (Oct 27)
- LSB newsletter #5 and #6
- LSB representatives speaking at 360 Legal Group annual conference (3 Oct), Legal Wales conference (10 Oct), Pro Bono Week conference (3 Nov), Westminster Legal Policy Forum conference (4 Nov), Risk Management conference (start Dec)
- Communications in support of *cost of regulation* survey and *strategic plan 2015-18* consultation
- Number of media interviews and articles

## 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 Q2 14/15 reporting period:

- Provide monthly financial report for monitoring of LSB's spending position to the Board, Executive Group and budget holders
- Provide regular monthly submissions and reports to MoJ in line with reporting dates.
- Sent out estimated levy amounts due from approved regulators for 2014/15

### Key activities for Q3 14/15 reporting period:

- Q2 consolidation for MoJ accounts
- Prepare draft budget for 2015/16 for consideration by Board including associated appendices and comparisons
- Monthly financial reports for monitoring of LSB's spending position to the Board, Executive Group and budget holders
- Financial appraisal of spending decisions
- Considering implications of costs decision in QASA appeal

## PROJECT MILESTONES

PROGRAMME / POLICY DELIVERABLES	PROJECT MILESTONE	MILESTONE DELIVERY DATE
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 Q2 14/15 reporting period:

- Regular review of risk at Gateway meetings
- Began annual review of Risk strategy in preparation for November ARC meeting

### Key activities for Q3 14/15 reporting period:

- Regular review of risk at Gateway meetings
- Annual review of Risk strategy by Audit and Risk Committee in preparation for November Board meeting
- Six-monthly review of risk register by Board

## 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 2014 held</li> <li>• 1<sup>st</sup> Audit and Risk Committee meeting of 2015 held</li> </ul>	November 2014 March 2015
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)	LIKELIHOOD (1-4)	RAG RATING	ACTION TAKEN
[REDACTED]				

## OVERALL PROJECT STATUS:

4	[REDACTED]
3	
2	
1	
0	