

To:	Legal Services Board	
Date of Meeting:	27 October 2014	Item: Paper (14) 59

Title:	Q2 Performance Report: 1 July – 30 September 2014	
Workstream(s):	Business Plan 2013/14	
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Status:		

Summary:

This paper provides a summary of the Board's performance in delivering its published Business Plan commitments during Q2 2014/15 (July– September).

A narrative cover for the Ministry of Justice (MoJ) Q2 report is at **Annex A**. This includes a summary of all Section 55 information gathering notices that have been issued in this quarter. The paper also contains the draft Q2 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 and comment on the draft Q2 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?
Board Members:		✓	Regular performance report.
Consumer Panel:		✓	Regular performance report – report also includes Consumer Panel Q2 report.
Others:			

Freedom of Information Act 2000 (Fol)		
Para ref	Fol exemption and summary	Expires
Cover paper: para 15; Appendix 1: all risks and overall status' sections	S36(2)(b) – information likely to inhibit the free and frank provision of advice and the exchange of views for the purposes of deliberation by the Board	

LEGAL SERVICES BOARD

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Q2 Performance Report: July – September 2014

Recommendations

The Board is invited to:

- 1) review and comment on the draft Q2 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 Q2 2014/15 (July- September 2014).
2. It also contains the draft Q2 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 Q2 report is at **Annex A**.

Overview

3. The LSB Business Plan for 2014/15 describes the LSB's proposed activities on a quarter-by-quarter basis. Progress against those commitments for Q1 is reported below:

Q2 2014/15 commitment	Progress
Receive submissions from regulators (regulator performance)	Delayed: Updated self-assessments/ plans now due in October
Schedule 13: Consult on proposals for change (if necessary)	Completed: Review indicated that issues around Schedule 13 are largely to do with SRA processes and procedures rather than the legislation. SRA have acknowledged the need to review their processes. Decision taken not to consult.
Gap analysis and assessment of the most viable options for collection of indirect costs of regulation	Completed: Gap analysis completed and options for viable collection of costs information reviewed.
Prioritisation of areas for analysis in cost of regulation review	Changed: To be completed following completion of the provider survey
Cost of regulation – consult with regulators	Completed: Stakeholder group established and first meeting held

Conduct reviews into specific areas where existing regulation is perceived to impose unnecessary burdens	On track: a) Business ownership restrictions - review presented to Board in September. Project to be closed post publication of review in October. b) Section 15 review - now scoped and due to complete in May 2015.
Publish discussion paper about indicators for regulatory reform	Re-scoped: Proposed research has been delayed until March 2016 due to changing priorities.
Depending on outcomes of 2013/14 research into methods to support consumer in identifying and responding to legal problems, consider action	Re-scoped: Proposed research has been delayed until March 2016 due to changing priorities
Monitor regulators' use of complaints data	Re-scheduled to March 2015: Board previously agreed to postpone this work pending the LSCP's tracker survey and Impact Report and Government decision on implementing the EU ADR Directive
Consider action following outcomes of 2013/14 research into consumer information and on-line divorce	Delayed to January 2015: Due to difficulty obtaining the required sample this research has been delayed.
Consider applications from regulators for changes to their regulatory arrangements	On-going: Work to consider applications from regulators to change their regulatory arrangements continues

4. There are no commitments outstanding from Q1.
5. The table above 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 monthly basis through the Chief Executive's progress reports.

MoJ performance management framework

6. The draft Q2 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 Q2 report is at **Annex A**.

To: Ministry of Justice

Legal Services Board 2014/15 Q2 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 Q2 2014/15. 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. We have not issued any Section 55 requests this quarter.
4. 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 2014/15 and thus its regulatory responsibilities is **Green** at the mid-year point.
5. Matters of note not specifically addressed by the programme report include the following:

Organisation development and governance

During July - September 2014:

6. Two new colleagues joined us: Jeanette Fordyce-Harvey to provide maternity cover for Anna Castiello as PA to the CEO and Chair; and Karen Afriyie as Administrator. Additionally, Meera Amin joined at the start of October as Research Associate. Vibeke Bjornfors will join later in October as a Regulatory Project Manager.
7. We also received notice from Fran Gillon, Director of Regulatory Practice and Michelle Jacobs, Business Planning Associate and both will leave during October. Recruitment is underway to replace Michelle and will be shortly underway for a re-scoped role covering many of Fran's responsibilities.
8. Interviews for the new CEO took place at the end of September. We expect to announce details of the successful candidate shortly after time of drafting.
9. The Board was profoundly disappointed to learn of the decision not to reappoint Ed Nally as a consequence of a cross-Whitehall preference for new rather than re-appointments. We consider that, if applied as a general rule, this would significantly reduce the effectiveness of the Board as a whole by reducing

effective challenge from NEDs with strong contextual understanding and experience. This specific decision deprives the Board of valuable professional insight from a key part of the sector risks leaving the Board exposed and unable to perform its statutory responsibilities should appointments of two new lay appointments and the subsequently required new non-lay appointment not be completed by MoJ in time to take effect before pre-election purdah. We are being assured that risks are being mitigated.

10. Following approval of our pay remit by MoJ, we were able to award an equal percentage rise, equivalent to 1% on the paybill, to eligible colleagues in August backdated to July.
11. We revised our internal and external whistleblowing policies and alerted all colleagues and Board Members to these and published our external fraud and corruption reporting policy on our website.

Relations with Government

12. The Chairman and CEO met the Permanent Secretary on 9 September. She provided positive feedback on the Chairman's recent speech to the Westminster Legal Forum, welcoming the 'whole system' approach and focus on consumers.
13. We attended the 'regulators summit' called by MoJ in July and subsequently arranged for a follow-up event to be held in October. Although the latter falls outside of this reporting period, we can report that the meeting was hosted by LSB and facilitated by Professor Stephen Mayson and a plan of action subsequently promulgated. MoJ officials were in attendance. The group will reconvene in January 2015.

QASA judicial review

16. The appeal hearing took place over three days from the 16 July. Although it falls outside of this reporting period, the judgement was handed down in early October and was found in favour of the LSB. We await decisions on costs and appeals.

Relations with OLC

14. We are preparing to commence a campaign to recruit OLC Board Members pending Board decisions on numbers and nature required.
15. Terry Babbs and Julie Myers met OLC and Legal Ombudsman colleagues on 12 August to review Q2 KPI performance. Positive points to note were that the OLC Board had had a robust discussion on Ombudsman service performance at a Board meeting informed by a paper from the Executive. [REDACTED]

[REDACTED]

[REDACTED]

16. We have continued to engage with MoJ, LeO and the Claims Management Regulator on matters relating to complaints handling rules for claims management and were pleased to learn that the need for a legislative 'fix' to allow for retrospective complaints was recognised. .
17. We have also been in discussion with MoJ about BIS plans for implementation of the ADR directive. It is now clear that BIS expect current regulators to take on the role of Competent Authorities for sectors where there is already an ADR scheme in place. We are working with MoJ and BIS lawyers to identify where legislative change may need to be made to enable us to take on this role.

Communications and stakeholder relations

18. 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, Economia (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.
19. We participated in the International Regulators' Conference on 8 and 9 July. Chris Kenny led a session on the cost of regulation and Rob Cross presented on the impact of non-lawyers on the legal services market.
20. We issued the fourth edition of our political newsletter at the end of July.
21. Chris Kenny was interviewed by the London correspondent of German daily newspaper Die Welt about the LSA 2007 and the impact of the ABS changes. The article was printed on 28 July.
22. Following useful discussions at the turn of the year with Alex Chisholm, the CEO of the CMA, Chris Handford and Chris Kenny met Michael Grenfell, the CMA official responsible for sector reviews, in August. It is clear that they are considering whether the legal services market should be a priority for their work in 2015. We will meet again in November to compare progress on both our organisations' strategic plans.

23. The Chairman delivered his first keynote speech on 4 September at the Westminster Legal Policy Forum speech. This was covered in the legal press and looks to have been well-received. Later that day the Chairman also gave his first one-on-one interviews, speaking to Neil Rose of Legal Futures and, separately, David Wurtzel, the consulting editor of Counsel Magazine.
24. Caroline Wallace and Chris Kenny attended the CEO and Senior Representatives' meeting of the UK Regulators Network, which we have recently joined as observers, on 10 September. Although many of their concerns on infrastructure and the relative interests of investors and consumers are not of concern to the LSB, we intend to participate in work on consumer behaviour and engagement, affordability and regulating for quality and, where relevant, reflect their advocacy of the case for independent regulation.
25. Caroline Wallace spoke at a training event for notaries in September.
26. The number of LSB twitter followers now stands at 654. Twitter updates are proving useful in enabling the LSB to be more transparent and open and it offers an additional channel to publicise LSB activities which in the past would not have been proactively pushed (other than an update on the website).
27. We have also had legal media coverage of a number of LSB activities during this period. Some of the more predictable issues were the response to the Consumer Panel on their McKenzie Friends report, the SRA's PII application, which is the subject of a Warning Notice and on which the Board is likely to reach a decision in November and the 4 September speech by the Chairman. But other less high profile items, which might in the past have slipped under the radar, were also covered such as the LSB welcoming the approval of the first local authority ABS, our approval of various practising fee applications and our statement issued in response to the publication of Social Mobility and Child Poverty Commission's report *Elitist Britain*.