

Minutes of a meeting of the Legal Services Board (LSB) on 27 October 2014

Date: Time: Venue:	27 October 2014 14.00-17.00 Welsh Government Offices, Cathays Park, Cardiff	
Present: (Members)	Sir Michael Pitt Chris Kenny Terry Babbs Marina Gibbs Bill Moyes Ed Nally	Chairman Chief Executive
In attendance:	Professor Stephen M Sonya Gedson, Nick Glockling Chris Handford Edwin Josephs Vincent McGovern Julie Myers Dawn Reid Caroline Wallace Adewale Kadiri	layson (item 4, by telephone) Regulatory Associate (item 8, by telephone) Legal Director Head of Research and Development Director of Finance and Services Communications Manager (items 5-16) Corporate Director Head of Statutory Decisions (items 8-11, by telephone) Strategy Director Corporate Governance Manager (minutes)
Apologies:	Anneliese Day QC David Eveleigh	

Item 1 – Welcome and apologies

1. The Chairman welcomed those present and in attendance to the meeting, which is the first Board meeting to be held outside London. A number of colleagues would be joining the meeting via telephone link, for the discussion of specific items. Apologies had been received from Anneliese Day QC. David Eveleigh, who was out of the country, had sought to join the meeting by telephone link, but this had not been possible.

Item 2 – Declarations of interests relevant to the business of the Board

- 2. Ed Nally declared as an interest his membership of the Solicitors Disciplinary Tribunal and it was agreed that he would not participate in the discussion of agenda item 8.
- 3. Board Members were reminded to notify the Corporate Governance Manager of any hospitality extended and/or received in the course of their LSB work.

Item 3 – Items considered out of Committee since 29 September 2014

4. The Board noted that Paper (14) 52 Section 69 recommendation to the Lord Chancellor to modify the functions of the Chartered Institute of Patent Attorneys and the Institute of Trade Mark Attorneys had been circulated electronically on 15 October 2014, and that the recommendation to the Board had been approved.

Item 4 – Paper (14) 53 First draft LSB Strategic Plan 2015-18 and LSB Business Plan 2015/16

- 5. Caroline Wallace introduced the first draft of the LSB Strategic Plan, informing the Board that this version incorporated comments that had been made by members during the discussion of the draft skeleton of the Plan at their meeting in September. It also reflected outcomes from the regulatory chairs' meeting held on 2 October as a follow up to the ministerial summit in July. Actions from this meeting included the identification and implementation of specific deregulatory measures, and, in the longer term, exploring alternative legislative options beyond the Legal Services Act.
- 6. The budget component of the draft Business Plan would be subject to detailed scrutiny by the ARC, and comments were also being sought from MoJ. Further versions of both Plans would be presented for approval at the November Board meeting, after which they would be put out for consultation. The Board was being asked at this stage to confirm that the draft Strategic Plan is in line with their views as set out at the joint session with the Consumer Panel in July and at the Board meeting in September.



7. The following points were made in the course of the discussion:



- 8. The Board resolved:
 - (a) To note the contents of the draft Strategic Plan for 2015-18, and the draft Business Plan for 2015/16
 - (b) That the Strategy Director would prepare and circulate a note of the discussion for members to consider and edit as required
 - (c) To receive final 'for consultation' versions of both Plans at their meeting in November, the executive having taken account of comments made at this meeting.

Item 5 – Paper (14) 54 Communications approach (November 2014 to June 2015)

9. Julie Myers introduced this discussion, noting that the Communications Manager had done the bulk of the drafting. The Board had held a number of discussions over the years about the organisation's approach to communications. While this paper was

not a formal communications strategy, it represented an opportunity to have an open debate about the communications approach that the Board wishes to take, and options for extending the Board's reach.

- 10. It was acknowledged that the LSB's dedicated resource in this area is limited to the Communications Manager, but that almost all colleagues are involved in various communications related activities. Further consideration as to the adequacy of this provision would take place upon the arrival of the new Chief Executive.
- 11. In the course of the discussion, the following points were made:



- 12. The Board resolved to:
 - (a) Note the contents of the paper, with encouragement for the development of members' ambassadorial role, and
 - (b) To revisit the issue following the arrival of the new Chief Executive, and thereafter, to review progress each quarter.

Item 6 – Paper (14) 55 Office for Legal Complaints - appointments

13. Julie Myers introduced this item, reminding the Board that it had previously delegated authority to the Chairman to approve any recommendation made by the OLC Chair on two possible re-appointments, and that the OLC Chair had been asked to provide a formal recommendation to the Board as to the nature and number of new appointments from 1 April 2015. Following a competitive exercise in which eight tenders had been considered, Harvey Nash had been identified as the preferred bidder.

14.	
	[FolA

exempt: s40]. The OLC Chair's recommendation is that three lay and one non-lay appointments be made, so as to ensure that the OLC Board has the requisite mix of skills to enable effective administration of the Legal Ombudsman scheme and to allow for greater flexibility.

- 15. In the course of the discussion,
 - The Board were concerned that the OLC Board includes members with expertise in organisational design and performance management and stressed that this must be made a requirement in the specification.
 - There was some debate as to the relative importance of having an additional member with a finance background, and it was noted that the OLC Board already included members with experience of running large and complex organisations.

16. The Board resolved to agree the number and nature of the new OLC appointments, subject to their observations on the additional skills required.

Item 7 – Paper (14) 56 Court of Appeal ruling on QASA

17. Nick Glockling presented this paper. He stressed the helpfulness of the judgement as a public statement of the scope of the LSB's powers. A further hearing is to be held on 30 October on the issue of costs, and the court will also make directions on any further appeal. The suggestion is that further court action is unlikely but that efforts could be made to frustrate implementation of the scheme. The Board formally thanked the in-house legal team, and other colleagues who had been involved in both hearings for their hard work.



 The LSB spent around £300k last year in defending this challenge, but had been able to fund this expenditure internally without the need to approach MoJ for assistance. The expenditure this year stands at around £80k thus far.

20. The Board resolved to note the contents of the paper.

Item 8 – Paper (14) 57 Solicitors Disciplinary Tribunal Budget 2015

[Ed Nally had declared an interest in this item and did not participate in the discussion]

21. Chris Kenny introduced this paper. The SDT is required to present its budget to the LSB each year. The Board noted the year on year improvement in the quality of analysis of the figures over the last four to five years. The SDT has consistently under-spent its budget in the last few years, but the Board took the view that given the nature of its role, this was preferable to them having to seek extra funding on an ad hoc basis from the profession.



- 23. The Law Society has expressed its satisfaction with the proposals.
- 24. The Board resolved to approve the SDT's budget application of £2,752,910 for 2015.

Item 9 – Minutes of the meeting of 29 September 2014

25. The minutes of the meeting were agreed as an accurate record.

Item 10 – Report of action points

- 26. All actions were noted as on-track, and all items had either been included on the agenda or are on the Board forward plan for future agendas.
- 27. The Board noted the updates to the report of action points.

Item 11 – Paper (14) 58 Chief Executive's progress report October 2014

28. The Chief Executive presented his progress report. The Board noted the following:

Staffing

- 29. Recruitment of Fran Gillon's successor will commence this week, with the support of the recruitment consultant Penna. It had originally been thought that this role would require someone with an economics background, but in light of the new Chief Executive's appointment, this was no longer deemed a necessity.
- 30. With regard to the recruitment of the new LSB lay members, long listing has taken place and a new date has now been identified for short listing. However, the non-lay

exercise is yet to commence as ministerial approval has not yet been obtained, and recruitment consultants have not been appointed.

31. The Board expressed its strong disapproval with the decision not to re-appoint Ed Nally, noting that this decision is in line with current government policy not to routinely offer second terms of office to non-executive board members. Nevertheless, it was their view that it unnecessarily deprived the Board of the experience and expertise of an influential member. The additional cost of having to make more appointments than would otherwise have been necessary was also noted. The Chairman and Chief Executive are to meet Shailesh Vara MP on 4 November and agreed to convey the Board's views on the subject.

Regulatory contact with the BSB

- 32. The Chief Executive reported on the recent meeting with Patricia Robertson QC, the vice-chair of the BSB. She had been frank about hers and the organisation's shortcomings in failing to comply with one of the undertakings that they had given. The BSB Board had subsequently met, following which the Chairman had received a lengthy letter from Baroness Deech, accompanied by an equally detailed private board paper. The message conveyed by both documents was that the organisation had been very busy, but that there was no justification for failing to comply. The steps to be taken to avoid a re-occurrence were also set out. The Board agreed that in the circumstances, the matter of non-compliance would not be pursued further in terms of formal or informal sanctions.
- 33. In terms of next steps, it was noted that the BSB is still on course to meet the July 2015 deadline for the substantive review, and the LSB executive will ensure that they remain on course.

Statutory decisions

34. The SRA MDP rule change application has now been approved. The House of Lords has also debated the statutory instrument designating CILEx as an approved regulator for probate and conveyancing. The Commons debate on the S69 order to enable entity regulation will take place on 18 November.

35.





Cost of regulation project

36. The pace of sign-up for the survey had slowed somewhat, but the target for the number of participants for the in-depth survey has been exceeded.

37. The Board resolved to note the Chief Executive's update.

Item 12 – Paper (14) 59 Q2 Performance Report: 1 July to 30 September 2014

- 38. Julie Myers introduced this item which set out the information that will be included in the LSB's quarterly reporting to MoJ. In response to a question about the number of projects that appeared to be delayed, rescheduled or re-scoped, it was noted that some of this was to do with shifting priorities, and in other cases the delay related to the need to obtain the appropriate sample size for a research project. However, it was emphasised that none of the projects are off track.
- **39.** The Board resolved to:
 - a) Note the Q2 performance report; and
 - b) Agree that it be used as a basis for discussion with MoJ.

Item 13 – Paper (14) 60 Finance report to 30 September 2014

40. Edwin Josephs presented this item. As had been discussed earlier, it was noted in relation to the QASA judgement that there was the potential for the LSB to recoup a significant proportion of its costs. It was also noted that there is currently an underspend on salary costs as a result of the loss of two senior colleagues. In this regard, it was possible that more funding could be made available for research.

41. The Board resolved to note the contents of the paper

Item 14 – Any other business

42. There was no other business

Item 15 - Date of next meeting

43. The Board would next meet on 26 November 2014 at 9.30am. The venue would be the Office of Rail Regulation, 2nd floor, One Kemble Street, London WC2B 4AN.

AK, 01/11/14

Signed as an accurate record of the meeting

Date