

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

Date: 27 October 2014
Time: 14.00-17.00
Venue: Welsh Government Offices, Cathays Park, Cardiff

Present: Sir Michael Pitt Chairman
(Members) Chris Kenny Chief Executive
Terry Babbs
Marina Gibbs
Bill Moyes
Ed Nally

In attendance: Professor Stephen Mayson (item 4, by telephone)
Sonya Gedson, Regulatory Associate (item 8, by telephone)
Nick Glockling Legal Director
Chris Handford Head of Research and Development
Edwin Josephs Director of Finance and Services
Vincent McGovern Communications Manager (items 5-16)
Julie Myers Corporate Director
Dawn Reid Head of Statutory Decisions (items 8-11, by telephone)
Caroline Wallace Strategy Director
Adewale Kadiri 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 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. [REDACTED]
[REDACTED] [FoIA 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.

18. [REDACTED]
[REDACTED]
[REDACTED] [FoIA exempt: s36]

19. 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.

22. [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED] [FOIA exempt: s41]

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. [REDACTED]

[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED] [FOIA exempt: s36]

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 under-spend 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

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Date

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