

To:	Legal Services Board	
Date of Meeting:	27 October 2014	Item: Paper (14) 58

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

Summary:

The paper updates Board Members about:

- 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
6, 14 and Annex A	Section 36(2)(b)(ii) – information likely to inhibit the exchange of views for the purposes of deliberation	

LEGAL SERVICES BOARD

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Chief Executive's Progress Report - October 2014

Operations and governance issues

Staffing

1. The significant staffing news is that of my successor, of which Board members will be aware. This was a well-run campaign by Saxton Bampfylde and it is a measure of the credibility and reputation of the LSB that we were able to attract such a strong field.
2. I expect recruitment to be well underway for our new Head of Regulatory Policy by the time of this meeting. This is a new role absorbing many of the responsibilities previously attached to Fran Gillon's role of Director of Regulatory Practice but excludes responsibility for regulatory performance reviews which will now be held by Dawn Reid. Dawn will have a revised role title as a consequence, Head of Regulatory Operations and Performance.
3. We were pleased to welcome Meera Amin as Research Associate in October. Meera will be working closely with Rob Cross in providing a wide range of research and analysis. We have one vacancy, Business Planning Associate, at the time of drafting, which we are working hard to fill after an offer was made and rejected by a preferred candidate.

Non-executive recruitment

4. The long-list sift for two lay members took place on 8 October. I understand that there was a strong field. Short-listing will be on 3 November. As a consequence of Ministerial positions on re-appointments, a campaign for a new non-lay member is expected to be underway shortly and Julie Myers will provide an update at the meeting. There is now even greater pressure to fast-track these appointments as MoJ officials informed us recently that appointments are unable to take effect during pre-election purdah. This means any new members will have to have starting dates before the end of March 2015.
5. OLC appointments appear elsewhere on the agenda.

Relations with the Ministry of Justice

6. [REDACTED]

SRA performance

7. The ABS authorisation data provided by the SRA on 15 October 2014 showed that:
 - The SRA has granted 342 ABS licences.
 - It takes on average just under six and half months from the submission of an application for a firm to be granted an ABS licence;
 - of the applications submitted since the turn of the year which have been granted a licence (51 licences) the average time taken is three and a half months;
 - the SRA has reduced its work in progress from 142 applications in January 2013 to 30 in October 2014 and during this time it has closed 99 applications through withdrawal and granted 267 ABS licences;
 - the average age of a work in progress application is just under 2 months; and,
 - none of the work in progress applications are older than 9 months and only 1 application is over 6 months old (this application may be awaiting the outcome of the MDP decision).
8. Since receiving the September data the SRA has granted an ABS licence to KPMG and to a joint venture between a charity and a law firm. The KPMG licence includes many waivers. These waivers largely reflect the intentions of the MDP policy statement and associated rule changes that have been submitted to the LSB for approval. The joint venture involving the charity is the first time the SRA has granted an ABS licence to an applicant associated with a charity (although a licence has already been granted to a not-for-profit advice provider).
9. The LSB will be meeting the SRA's authorisation team on 6 November to discuss their plans for further improvements. A full paper on SRA authorisations will be provided to the November board meeting.

Regulatory contact with the Bar Standards Board (BSB)

10. At its September meeting, the Board discussed the BSB's failure to comply with one of the undertakings that it had given in November 2013 following the LSB's investigation. On 14 October, the Chairman met Patricia Robertson QC, standing in for Baroness Deech who was unavoidably absent, and a copy of the letter that was sent to the BSB subsequent to that meeting is attached at Annex A. There may be an oral update to be given as the BSB meets on 23 October.
11. Separately, Caroline Wallace and colleagues met senior BSB officials to discuss their response to an information request from the LSB in relation to their investigative processes and management of enforcement cases. The LSB is broadly satisfied with the approaches being taken by the BSB, and the

improvements being made where required. A copy of the letter sent following this meeting is attached at Annex B.

Statutory decisions

12. Since my last report, the recommendation has been made to the Lord Chancellor on the section 69 order to modify the functions of the Institute of Chartered Accountants in England and Wales. We received confirmation that that recommendation and the one made earlier in the month on behalf of the Chartered Institute of Legal Executives had been accepted by the Lord Chancellor; both orders were laid before Parliament on 13 October.
13. We received confirmation from Ministry of Justice (MoJ) colleagues that the section 69 order for the Intellectual Property Regulation Board (IPReg - on behalf of the Chartered Institute of Patent Attorneys and the Institute of Trade Mark Attorneys) has been cleared by the Joint Committee on Statutory Instruments (JSCI). Board approval was received via the electronic circulation of papers, and the recommendation has been made to the Lord Chancellor. Ann Wright, Chief Executive of IPReg has asked that I convey to Board members her thanks for the way in which we handled the approval outside of a board meeting.
14. [REDACTED]
15. All impact assessments relating to the section 69 orders have now been cleared with MoJ economists.
16. The following decisions have been issued:
 - Cost Lawyers Standards Board Practising Certificate Fee 2015
 - SRA Compensation Fund Eligibility
 - Solicitors Regulatory Authority (SRA) Accounts Rules: reports accountants (exemption direction)
 - SRA Overseas Rules (exemption direction)
 - SRA Keeping of the Roll (exemption direction)
 - SRA Glossary – definition of equivalent means (exemption direction)
17. We are continuing with the assessment of the SRA Professional Indemnity Insurance and the Bar Standards Board's entity regulation application, and anticipate completing these in November. Two further SRA applications are being considered (relating to multi-disciplinary practices and registered European lawyers) and are expected to be completed by the end of October.

Cost of regulation project

18. The stakeholder reference group for this project (comprising representatives of the regulators, representative bodies, the Legal Ombudsman and Consumer Panel) was very supportive of the work in its first meeting last month. The survey to gather the views of the profession on the cost of regulation, a key evidence gathering component of the project, was launched on 13 October. It has been promoted by each of the regulators and representative bodies, and the smaller approved regulators have sent, or are promising to send, a link to the survey directly to their regulated community, while the SRA has provided us with a sample of 3000 email addresses to use. Each regulator has helped publicise the survey through press releases and social media. For our part, we have sent emails to a selection of SRA entities, barristers and all CLC entities.
19. 24 hours following the launch, we had 184 completed responses, and 50 volunteers to participate in the more in-depth work. We require a minimum of 700 completed responses and ideally 2,500. The survey will close on 28 November, and a report will be published in March 2015.
20. Two draft specifications for the in-depth cost of regulation work (one for entities and one for individuals), have been circulated for comment, and the tenders are due to launch in the week commencing 20 October. We expect to have successful bidders in place by December.

Research

21. Joint legal needs survey: Meetings have been held with possible funders, beyond the Law society and the Legal Education Foundation. A specification for the work has been drafted, with a view to going out to tender in late November.
22. Innovation: capabilities and barriers in legal services: A meeting has been held with the SRA (our co-sponsors) and the research team and we are seeking to set up a workshop with other (non SRA) regulators.

Office for Legal Complaints

23. There have been no scheduled performance meetings between the OLC and LSB since the last Board meeting.
24. The Board will have seen the media coverage of the Legal Ombudsman's recent report into complaints about will-writing which built on the strong media interest generated by the LSB's prior investigation into the regulation of will-writing. The Ombudsman reiterates a call for all parties to work together to find ways for consumers of unregulated providers to have access to redress in the absence of regulation – a position we support. The immediate and dismissive press response

of MoJ was disappointing. It remains to be seen whether this diminishes OLC's enthusiasm to promote a voluntary scheme in this area.

25. At the time of drafting we have had no news from MoJ or BIS on progress to implement the ADR Directive.

Communications and stakeholder engagement

26. Since the last meeting, both the Chairman and I have spoken at important but quite different industry events. I spoke at the 360 Legal Group annual conference, while Mike Pitt chaired a session at the Legal Wales conference 2014 in Bangor with Elisabeth Davies. This latter provided excellent networking opportunities not just with the legal community in Wales but also senior members of the judiciary who were in attendance.

27. On the media front, we published our 'Regulatory restrictions on business ownership' report which attracted legal media attention and, as mentioned above, have also launched the 'cost of regulation' survey. Chris Handford was interviewed in relation to the latter survey by the Law Society Gazette and, has authored a blog post about it for Legal Futures.

28. A number of press releases / tweets were picked up by the legal media including the letter sent to the chairs of the legal regulators following the 2 October meeting, and the reaction to the QASA ruling.

29. Edition #5 of the LSB Newsletter edition is being finalised and should have been sent out to political figures by the time of the Board meeting.