

Minutes of a meeting of Legal Services Board (LSB) on 27 May 2010

Date: 27 May 2010

Time: 3.35 pm – 6.00 pm

Venue: Victoria House, Southampton Row, London WC1B 4AD

Present: David Edmonds Chairman
(Members) Chris Kenny Chief Executive
Terry Connor
Steve Green
Bill Moyes
Barbara Saunders
Nicole Smith
Andrew Whittaker (Items 8 onwards)
David Wolfe

In attendance: Fran Gillon Director of Regulatory Practice
Nick Glockling Legal Advisor
Chris Handford Project Manager (Item 7)
Edwin Josephs Director of Finance and Services (Items 1-6 and 8 onwards)
Bruce Macmillan General Counsel
Karen Marchant Corporate Affairs Associate (Item 8)
Julie Myers Corporate Director
Crispin Passmore Strategy Director
Alex Roy Research Manager (Item 10)
Michael Stacey Project Manager
Bryan Hislop Board Secretary (Minutes)

Item 1 – Welcome and apologies

1. The Chairman welcomed Nick Glockling (Legal Advisor) and Michael Stacey (Project Manager), who were attending as observers.
2. There were no apologies for absence from Board Members.
3. The meeting would be followed by an informal strategy session.

Item 2 – Declarations of interests etc.

4. There were no declarations of interests.
5. Board Members were reminded to notify the Board Secretary about hospitality extended / received in the course of their LSB work.

Item 3 – Minutes: 27 April 2010

6. **The Board resolved to agree the minutes of the meeting held on 27 April 2010 and to submit them for signing as an authorised record to the Chairman.**

Item 4 – Report of action points

7. **The Board resolved to note the Report of action points.**

Item 5 – Paper (10) 35: Chief Executive’s progress report: May 2010

8. Chris Kenny (Chief Executive) presented his progress report.
9. The Board noted in particular:
 - the recruitment of a part-time, fixed-term Research Information Manager. The Board discussed also the potential implications of the new Government’s announcements in respect of Civil Service recruitment and spending on consultants;
 - new Ministerial appointments, Government policy developments and work by colleagues to engage with new political stakeholders. The Board noted also that the Chairman and the Chief Executive had met Helen Edwards, the new Director General – Criminal Justice Group, Ministry of Justice (MoJ);
 - the publication of the LSB Equality Scheme 2010/11;
 - that the parties had agreed the memorandum of understanding in respect of Solicitors’ Disciplinary Tribunal’s (SDT) annual budget approval process; and
 - the project performance report.
10. The Board noted also updates about:
 - the commencement order in respect of Legal Ombudsman (LeO);
 - the Project Team’s workshop, the outputs of which would facilitate the development of a more detailed project plan, work programme (to include the increasing number of ‘business as usual’ activities) and risk framework;
 - the LSB Levy, in particular that the Approved Regulators (AR) had signed memoranda of understanding and that demands for payment of the first instalment had been issued;
 - the alternative business structures project, including the discussions with The Law Society and Solicitors Regulation Authority (SRA) about section 69 of Legal Services Act 2007 (relating to the modification of the functions of ARs);
 - the Joint Advocacy Group’s progress in respect of Quality Assurance for Advocates, about which there were scheduled crucial meetings at both Chairman and Chief Executive level;
 - the LSB Open Forum in Cardiff on 12 May, hosted by John Griffiths AM (Counsel General and Leader of the Legislative Programme, Welsh Assembly Government). The rolling programme of stakeholder engagement events would continue to be implemented, subject to resource availability; and

- the administration of Quinn Insurance and SRA's plans to review regulatory requirements in respect of indemnity insurance generally.
11. The Board also agreed to delegate authority to approve a formal consultation on extending the Rules for Rule Change Applications and the Compliance and Enforcement Policy to SDT to the Chairman and the Chief Executive.

The Board resolved:

- a) to note the Chief Executive's progress report; and**
- b) to agree to delegate authority to approve a formal consultation on extending the Rules for Rule Change Applications and the Compliance and Enforcement Policy to SDT to the Chairman and the Chief Executive.**

Item 6 – Paper (10) 36: Business planning – 2011/12 and beyond

12. Crispin Passmore (Strategy Director) introduced a paper recommending an approach to organisational business planning for 2011/12 and beyond, which would be explored in more detail during the post-meeting strategy session.
13. The paper proposed an 'away day' in July 2010, which would include a session to evaluate LSB's progress against its first three-year plan. The Board suggested that the evaluation would benefit from an element of external independent assessment.
14. The draft Business Plan for 2011/12 would be presented to the Board on 28 October. The draft budget would first be presented to Audit and Risk Committee.

The Board resolved to note the recommended approach to business planning for 2011/12 and beyond.

Item 7 – Paper (10) 37: Internal Governance Rules – Dual self-certification April 2010

15. The Strategy Director introduced a paper about ARs' dual self-certification assessments of compliance with the Internal Governance Rules (IGRs).
16. In the course of the discussion that followed, the Board:
- noted that ARs' assessments were due to be submitted by 30 April;
 - noted an interim update about the submissions, a number of which lacked supporting evidence of compliance or explanations for non-compliance with the IGRs, or were outstanding;
 - discussed briefly the regulatory capability of the Association of Law Costs Draftsmen (ALCD); and
 - agreed that enforcement action should be considered where ARs failed to commit to remedying non-compliance with the IGRs against agreed timeframes.

17. A more detailed paper about compliance with the IGRs and ARs' plans for remedying non-compliance would be presented to the Board on 29 June. It was agreed to address in the paper the enforcement powers open to LSB.
18. The Board noted separately that the process for approving ARs' practising certificate fees (PCF) had been delayed by a lack of engagement by ARs. The timeline and detailed criteria for assessing PCF applications would be presented to the Board on 29 June.

The Board resolved to note the update about ARs' dual self-certification assessments of compliance with the IGRs.

Item 8 – Paper (10) 38: Legal Complaints Service performance oversight – update

19. Julie Myers (Corporate Director) introduced a paper about work to minimise the risk of consumer detriment arising from the closure of LCS and the opening of LeO.
20. In the course of the discussion that followed, the Board noted that:
 - the paper focused on performance oversight of LCS, but that similar principles would apply to the closure of the complaints handling processes of other ARs;
 - consumers' satisfaction with LCS outcomes had deteriorated from January to April (84% to 74%), although this remained within target;
 - LCS was reporting a budget under-spend of c.£1m, principally on outsourcing, which was often used by ombudsman schemes to address staff shortfalls; and
 - the Executive would meet Shamit Saggar (Chair, LCS) and Deborah Evans (Chief Executive, LCS) on 28 May to discuss LCS performance leading up to its closure and the opening of LeO. The Executive believed that it was challenging but realistic to expect LCS to maintain during this period its current levels of performance.
21. The Board endorsed the Executive's approach to minimising the risk of consumer detriment arising from the closure of LCS and the opening of LeO.

The Board resolved to note the update about LCS performance oversight.

Item 9 – Paper (10) 39: Draft Annual Report 2009/10

22. The Corporate Director introduced a paper inviting the Board to review and to comment on the narrative component of LSB's first 12-month Annual Report ('the Report').
23. In the course of the discussion that followed, the Board:
 - noted that the final Report would be presented for endorsement to Audit and Risk Committee and approval (alongside a proposed handling strategy) to the Board respectively on 14 and 29 June, prior to being laid before Parliament on

19 July;

- noted that the statutory / financial component of the Report, which had been reviewed by the members of Audit and Risk Committee, was being audited by National Audit Office (NAO); and
- suggested: focusing the narrative on LSB's achievements, with internal and governance-related information transferred to an annex; emphasising LSB's research and consumer empowerment agenda; and including relevant quotes from stakeholders.

The Board resolved to note the draft Annual Report 2009/10.

Item 10 – Paper (10) 40: Research programme – update

24. Alex Roy (Research Manager) introduced a paper about the output of the research programme 2009/10 and the progress against the research programme 2010/11.
25. In the course of the discussion that followed, the Board noted:
 - summaries of the six research projects commissioned in 2009/10;
 - that the summaries of research projects would be linked in future directly to Business Plan objectives and policy outputs;
 - that policy proposals arising from the Charles River Associates' research into the economic impact of referral fees – alongside Legal Services Consumer Panel's advice about the impact of referral arrangements on consumer outcomes – would be presented to the Board on 29 June; and
 - a schedule of research-related events up to and including July.
26. The Board acknowledged the Research Manager for developing and implementing a sector-leading research programme to under-pin LSB's approach to oversight regulation.

The Board resolved to note the update about the research programmes 2009/10 and 2010/11.

Item 11 – Paper (10) 41: Finance report: March 2010

27. Edwin Josephs (Director of Finance and Services) introduced the Finance report, which included the provisional figures for the period 1 April 2009 to 31 March 2010.
28. The Board noted that an under-spend of c.£42k was forecast for 2009/10.

The Board resolved to note the Finance report.

Item 12 – Paper (10) 42: Remuneration and Nomination Committee: 24 March 2010

29. Terry Connor (Committee Chairman) presented the draft minutes of the meeting held on 24 March 2010.

The Board resolved to note the draft minutes of the Remuneration and Nomination Committee meeting held on 24 March 2010.

Item 13 – Any other business

30. There were no items of other business.

Item 14 – Date of next meeting

31. The Board would next meet on 29 June 2010, 9.30am – 1.30pm (timing to be confirmed). The venue would be LSB's offices at Victoria House, Southampton Row, London WC1B 4AD.

BH 28.05.10

Signed as an accurate record of the meeting

.....

Date

.....