

<b>To:</b>	Board	
<b>Date of Meeting:</b>	28 October 2010	<b>Item:</b> Paper (10) 68

<b>Title:</b>	Chief Executive's progress report: October 2010
<b>Workstream(s):</b>	All
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<b>Status:</b>	Restricted

<b>Summary:</b>
<p>The paper updates Board Members about:</p> <ul style="list-style-type: none"> <li>• staffing and governance issues;</li> <li>• progress on the key project areas, by way of a performance report;</li> <li>• other internal and external policy developments; and</li> <li>• stakeholder and communications activities.</li> </ul>

<b>Risks and mitigations</b> (Covered in assessments of project progress)	
<b>Financial:</b>	N/A
<b>FoIA:</b>	Initial assessment of exempted text highlighted.
<b>Legal:</b>	N/A
<b>Reputational:</b>	N/A
<b>Resource:</b>	N/A

Consultation	Yes	No	Who / why?
<b>Board Members:</b>		✓	N / A – routine update and personal commentary.
<b>Consumer Panel:</b>		✓	
<b>Others:</b>			

<b>Recommendation:</b>
The Board is invited to note the Chief Executive's progress report.

## LEGAL SERVICES BOARD

<b>To:</b>	Board		
<b>Date of Meeting:</b>	28 October 2010	<b>Item:</b>	Paper (10) 68

### Chief Executive's progress report: October 2010

#### Recommendation

The Board is invited to note the Chief Executive's progress report.

#### Operations and governance issues

##### Organisation development and governance

1. Work is proceeding on the implementation of our new electronic document management system (**EDMS**). Files will be migrated by 21 November, with colleague training completed by 12 November. The system will 'go live' on 22 November.
2. Work to develop our training and development programme continues with two colleagues due to be trained on 25 October to become 'Action Learning Set' (**ALS**) facilitators. ALS is a form of group coaching which enables 'sets' of colleagues – peer groups, project groups or other ad hoc groupings – to collectively address a problem or learning need. We are also reviewing proposals from two training providers for a programme of training addressing core skills identified by our earlier training needs analysis. This includes: policy development and delivery; effective writing skills; personal impact; presentation skills; and influencing and negotiation skills.
3. As Ministry of Justice (**MoJ**) develops its internal efficiency programme, the impact on LSB continues to bite, most notably improvements MoJ is seeking to make to its accounting processes in preparation for the introduction of 'Clear Line Of Sight' accounting across Government. One recent request appears to require LSB to prepare the equivalent of unaudited statutory accounts on a quarterly basis – which would require us to hire or contract for additional accountancy support. We are grateful to our sponsor team for its efforts in trying to secure a proportionate approach from MoJ corporate finance colleagues.
4. I will report at the meeting on MoJ's response to colleagues' helpful comments about the revised Framework Document.
5. The Board agreed last month an LSB Welsh Language Scheme and I am pleased to advise that this was formally approved on 13 October by the Welsh Language Board.

## Project update

### Programme highlight report

6. The Programme highlight report is attached (**Annex A**). Progress is steady, and colleagues should note, in particular:
  - Referral Fees – our consultation paper was published on 29 September.
  - Alternative Business Structures (**ABS**) – the Maximum Financial Penalty Order has been sent for consent to MoJ. It will be presented for the Board's agreement and signature on 30 November.
  - Quality Assurance for Advocates (**QAA**) – the Joint Advocacy Group (**JAG**) QAA Crime Scheme consultation was launched but, as previously reported, we believe it requires a considerable amount of work to satisfy our key principles and to carry the confidence of key stakeholders. We are meeting JAG on 27 October and I will provide a full update at the meeting.
  - Rules – we expect 12 rule approval applications (in addition to Solicitors Regulation Authority's (**SRA**) draft submission of their revised handbook ) before the end of October, which could cause significant resource implications.

### Alternative Business Structures (ABS)

7. A new, standing report about the key issues and risks facing the implementation of ABS is presented to this meeting (**Paper (10) 69**).
8. It is now less than a year until the first ABS licenses will be issued and the project is still on track. The s69 consultation was published on time and, whilst the deadlines are tight, this will fit into the wider commencement plan.

However, a large number of Orders must still be made over the next nine months. Much of this is reliant on MoJ's commencement team and there are detailed plans in place to minimise the risk of slippage. We also continue internal and external work to prepare for the consideration of the applications for designation as Licensing Authorities.

9. We had a productive visit on 4 October to SRA, where we discussed at a high level the preparations that SRA is making towards October 2011. Its task remains challenging but achievable, and I was given comfort by the productive tone and the open and properly challenging nature of the conversation on both sides. There is continuing, positive interest in ABS at both conferences and in

the media, and from private equity, clearing banks and other investors. The separate business rule and the scope to prepare for ABS over the next 12 months remain key issues for the investment community.

## **Research**

10. In the past month:

- Westminster University hosted on 13 October a conference to launch our diversity research, which is now available on our website. The research received significant, broadly favourable, trade press coverage
- we received two applications from academics wishing to work in collaboration with LSB in applying for Arts and Humanities Research Council funding for a doctoral student – one application proposed a cohort study on diversity, the second a study looking at the differential impact on students of formal education and ‘on-the-job’ training
- we agreed joint funding of a ‘mystery shopping’ will-writing research project with Office of Fair Trading and SRA, put the research out to tender and, on 20 October, hosted the first steering group meeting
- we completed the first stage of the literature review in the Regulatory Information Review and colleagues now have access to a research database.

11. Our focus over the coming month includes:

- commencing a survey of professional bodies and regulators to explore data holdings
- commissioning and starting the joint will-writing research
- publishing our review of professional body and regulator activities to tackle diversity.

## **Regulatory decisions**

### *Rule approval applications*

12. I approved an application from the Council for Licensed Conveyancers (**CLC**) in relation to the fee charging structure and the determination of the contribution to the Compensation Fund for 2011. There were no other applications this month for changes to regulatory arrangements.

### *Exemption directions*

13. One exemption notice has been issued following an assessment of significance, risk and impact: the Bar Practising Certificate Regulations (Annex D) and the Code of Conduct Rule 901.1. Two submissions from SRA are also being considered for exemption: SRA Publications Policy and SRA Reconsiderations Policy.

### *Section 51 Practising Certificate Fee (PCF) approval*

14. The s51 applications for CLC, the Master of Faculties and the Institute of Legal Executives Limited (ILEX) have all been approved. In approving the ILEX application, we made clear that next year we will expect there to be much more evidence of consultation with fee payers and greater assurance that the regulatory arm is leading the application process and managing the allocation of the practising fee.
15. Applications for The Association of Law Cost Draftsmen, IPReg (on behalf of CIPA and ITMA) and The Bar Council are being considered.

### *Data protection breach*

16. I reported previously a data protection breach when ILEX Professional Standards Limited (IPS) submitted as part of a designation application material which contained sensitive personal data. We have now received from IPS an explanation of the actions taken in relation to this particular breach and the steps that they have put in place to prevent recurrence. We are satisfied that the steps are appropriate and we have closed this matter.

### **Other policy developments**

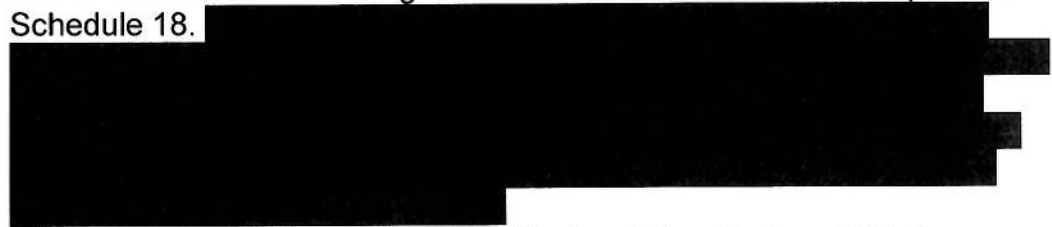
17. Other policy developments – about which I will elaborate at the meeting – include:
  - **MoJ Jackson Review consultation / Young Report** – we are keeping in touch with MoJ's policy thinking and have provided some informal suggestions on the way forward. A consultation document will be published shortly. The Chairman and Crispin Passmore (Strategy Director) met Lord Young on the day of publication of his report. [REDACTED]
  - **The future of education and training for the legal workforce** – in line with the Board's decision last month to explore the scope for an independent review, the Chairman and I have initiated a round of contacts with stakeholders at a senior level in preparation for his Lord Upjohn lecture on 19 November. [REDACTED]

My keynote speech at Harvard Law School's 'Future Ed – New Business Models for Law Schools' conference was well received. I have separately circulated the text and a report on the conference to colleagues.

  - **Diversity in the legal profession** – we are progressing our agenda in this area on the back of the publication of our diversity research. An update about progress, as well as a draft consultation paper, will be presented to the Board on 30 November.
  - **Legal Complaints Services (LCS)** – following the 6 October opening of Legal Ombudsman (LeO), LCS has now entered its run-off period. The

LCS Chief Executive has set out the targets that LCS will work to in the six-month period until it closes in March 2011, by which time LCS intends to have completed all of its cases.

- **Schedule 18 of the Act** (relating to immigration advice and services) – the Chairman has written advising the Minister of the Board's decision last month to recommend ending on 31 March 2011 the transitional period for Schedule 18.



- **P11 and Assigned Risks Pool (ARP)** – I met Des Hudson (Chief Executive, The Law Society) and Antony Townsend (Chief Executive, SRA) on 4 October. We concluded that, as there were only 409 firms in the ARP (marginally less than at the same time in 2009), there was no need to proceed with any emergency measures. However, SRA will report at the end of the month the number of firms then in the ARP and its intervention strategy to drive that figure down. Separately SRA is considering long-term proposals for policy change in this area.

### **Legal Ombudsman / Office for Legal Complaints**

18. LeO opened successfully on 6 October, receiving close to 500 complaints on its first day!

### **Legal Services Consumer Panel**

19. Colleagues will be aware of the implications for our Consumer Panel of the announcement made by Vince Cable MP (Secretary of State for Business, Innovation and Skills (**BIS**)) on 14 October regarding a re-organisation of competition and consumer authorities. The Chairman and I have made very clear our view that the handling of the announcement was inappropriate. The Consumer Panel Chair issued a statement on 14 October reiterating the Panel's view that the proposal required further consideration. At the time of writing, we have received no further information from BIS. MoJ is planning to meet the Panel Chair shortly and I have made clear that LSB must be involved in subsequent discussions.
20. The Panel met on 6 October and discussed an early draft of advice about quality assurance. The Panel also received a presentation from Michael Stacey (Project Manager) about the LSB's diversity framework. Both of these will be considered by the Board on 30 November.

### **Communications**

21. This month has been particularly busy for speaking invitations, with the Chairman and I delivering speeches on platforms across the industry. Major

opportunities for conveying policy developments included the Chairman's speech to the RIAD Conference, which focused on Internal Governance Rules and complaints, as well as my address to the Execution Noble conference on ABS-related developments.

22. Alongside this, Fran Gillon (Director of Regulatory Practice) has spoken about outcomes-focused regulation and the development of the ABS licensing regime at a number of events.
23. The publication of our referral fees consultation paper attracted widespread coverage across sector press. Meanwhile, the Strategy Director contributed a comment piece about diversity to The Guardian, in the light of the recent report from the Equality and Human Rights Commission.
24. We have continued our programme of visits to relevant third sector organisations, including Victim Support and the Howard League for Penal Reform.

20.10.10