



A RESPONSE BY

**THE CHARTERED INSTITUTE OF
LEGAL EXECUTIVES**

AND

ILEX PROFESSIONAL STANDARDS

**Legal Services Board
Draft Business Plan 2013/14**

Preamble

In this consultation, the LSB sets out its planned work for 2013/2014. This is the second year of its 2012-15 strategic plan and the 2013/14 plan continues activities already started in 2012/13.

There are three strands to the LSB's regulatory work programme :

- Regulator performance and oversight;
- Strategy development and research; and
- Statutory decision making.

The above activities have been assessed by the LSB to ensure that it targets not only the most significant risks to ARs delivering the regulatory objectives of the Legal Services Act 2007 (the 2007 Act) but also its three strategic priorities for 2012-15:

- assuring and improving the performance of ARs;
- helping consumers to choose and use legal services; and
- helping the changing legal sector to flourish by delivering proportionate regulation to address risks.

Key to the LSB's plan for 2013/2014 is the increasing emphasis on holding Approved Regulators (ARs) to account for delivering commitments made and ensuring that their performance is in accordance with appropriate regulatory standards, rather than generating further initiatives.

Introduction

1. This response represents the joint views of the Chartered Institute of Legal Executives (CILEx), an Approved Regulator under the Legal Services Act 2007 (the 2007 Act), and its regulatory body ILEX Professional Standards Limited (IPS). The consultation was separately considered, in the case of CILEx by a Regulatory Committee comprising the President and Office Holders together with a number of Council members; and in the case of IPS by its Board. The outcomes of those respective considerations were exchanged and with no significant difference of opinion between the two organisations, a joint response is tendered. For the purpose of this consultation, “we” is used to mean both CILEx and IPS unless the context suggests otherwise.
2. Both CILEx and IPS are committed to the regulatory objectives and the principles of good regulation set out in the 2007 Act. Both organisations wish to emphasise that higher professional standards are achieved through engagement with the profession, consumers and the wider public.

General Comments

3. We have worked closely with the LSB during its time in operation and we are committed to doing so over the coming year and beyond. The continued emphasis on partnership working and avoiding cost duplication is strongly supported, especially in relation to research and data collection. CILEx and IPS share the LSB’s approach to regulation – an outcomes focused code rather than a rule book, clear identification of risks at all levels, proportionate supervision and robust enforcement. In relation to meeting appropriate regulatory standards we are keen to avoid duplication where for example we meet action plan targets through another exercise which is subject to separate scrutiny.
4. It is important for the LSB to be explicit about what they expect of the ARs. For example, the manner in which legal services regulation is embedded

within the regulatory schemes is at the discretion of the AR; however the decisions of ARs have been criticised by the LSB (such as the independent scrutiny of self-assessment) despite it being recognised as being within the AR's discretion. The LSB should be clearer about its role in relation to its oversight regulatory function in respect of ARs and their discretionary powers, and what if any boundaries apply to discretionary decisions.

5. The terminology of the draft Business Plan should reflect the 2007 Act. For example, we are concerned as to what part of the CILEx organisation may be referred to as 'regulator', 'frontline regulator', 'approved regulator', or 'accredited regulator'. In order to avoid doubt in the future, we would urge the LSB to follow the terms used in the 2007 Act.
6. The draft Business Plan focuses on how specific aspects are performing but does not seem to contemplate any overarching or overall evaluation of performance. It would be unfortunate if concentration on the specifics means that a less glowing performance in one area detracts from an otherwise good overall performance.
7. We observe a number of areas where the draft business plan makes assertions without furnishing any evidence to justify the statements. For instance the claim in the foreword on page 7 '*doing less than this risks being positively harmful in the current climate*'. Such statements sound effective, but are meaningless without detail. The absence of significant detail can be found in other areas of the draft Business Plan. By way of further example, what is meant by '*at all levels*' when warning ARs of the need to guard against '*seeking to protect specific exclusive professional titles rather than guaranteeing competence at all levels*'.
8. One area to which the Legal Services Board seems to be giving particular focus is research. The sheer volume of the proposed research projects proposed within one year will invariably have a significant impact on the

costs burden of ARs. The potential for research is vast and it is essential to ensure that a proportionate approach is taken having regard to the resources and research findings already available.

9. We note the LSB's plans to continue to assess the regulation of legal services, including will writing, estate administration and general legal advice. The history of the currently reserved activities does not provide a sound basis for identifying suitable criteria for the addition or removal of reserved activities in the future. Such criteria should be developed before considering whether to bring new legal activities into regulation, including for example general legal advice. There is an absence of the evidence used to determine that general legal advice should be looked at as a reserved legal activity.

10. The LSB has a duty to promote the regulatory objectives under section 1 of the 2007 Act. One of the regulatory objectives of the 2007 Act is access to justice. Although access to justice may not be confined just to the provision of legal services or lawyers, it is a major consideration. It would follow therefore that a reduction in access to legal services provision, or to lawyers will mean that access to justice will necessarily diminish in volume or equity of provision. Similarly, closure of rural firms, or a reduction in legal aid provision will inevitably compromise access to justice. There has been an onslaught of government policies, for example, legal aid changes, the changes to the Road Traffic accident scheme and proposed changes to judicial review that will inevitable compromise access to justice. The LSB remains remarkably silent on the impact these changes will have on vulnerable consumers who will be denied access to justice. The LSB should consider conducting 'Access to Justice Impact Assessments' to inform consultations on future proposals and changes.

Role of oversight regulator: LSB's Vision and Responsibilities

11. The LSB states that it has a simple goal – ‘to reform and modernise the legal services marketplace in the interests of consumers, enhancing quality, ensuring value for money and improving access to justice across England and Wales’.
12. Parliament never intended that the LSB should operate other than as an oversight regulator, exercising proportionate supervision of the activities of the ARs. The language in the draft Business Plan is more akin to a market regulator rather than a professional regulator; exerting a level of control that is inconsistent with oversight regulation. We are genuinely concerned about aspects of the draft plan which relate to activities not only of IPS but of CILEx, even where they are not directly regulatory. For example, the proposed investigation into ‘permitted purposes’ as defined in section 51 of the 2007 Act.
13. We further note in paragraph 8 the comment to ensure that ‘*regulators*’ are ‘*free from representative influence*’. However, the 2007 Act does not require freedom from representative influence; it requires arrangements to ensure the ARs’ regulatory function is not *prejudiced* by its representative function. Clarification is sought on the third bullet point at page 12, paragraph 10. We are unsure how this might be translated into practice. Further, the penultimate bullet point uses the term ‘representative bodies’. CILEx is an AR under the 2007 Act, not a representative body.
14. The 2007 Act sets out, as a starting point, 8 regulatory objectives. The 2007 Act does not prioritise these and it is clear from the Explanatory Notes that this was deliberate.
15. The LSB Business Plan appears to treat the interest of consumers as having a predominant position amongst the other objectives. However, the public interest and consumer interest are quite distinct concepts and are

subject to separate objectives. The public interest may at times override the interests of consumers, or other priorities.

16. Prioritising the consumer interest appears to run the considerable risk of producing results which do not properly reflect the requirements of the 2007 Act. Further, it may quite possibly have the effect of inadvertently imposing a particular policy on the ARs as to how they too should prioritise fulfilment of the regulatory objectives, which would be an inappropriate outcome.

Equality and Diversity Objectives

17. The continued emphasis on equality and diversity is strongly supported. We are particularly interested and pleased to see the LSB place an emphasis on breaking down barriers in the profession. CILEx's commitment to a more diverse workforce across the legal sector significantly pre-dates the introduction of the 2007 Act.

18. Removing barriers to entry is vital to the need to reflect our diverse communities and continuing to deliver effective justice. CILEx celebrates its 50th year in 2013 and has thrived by breaking down barriers in order to ensure access to all, regardless of social background or status. We welcome such measures and look forward to working with the LSB in these areas of common interest.

19. We would like to see some indication as to how the LSB allocates its resources to this vital area of work. There is a lot of focus on data collection; how the data is shared and used is also important, as well as avoiding duplication of data. CILEx is committed to diversity and social mobility in the profession. The House of Lords recognised that the CILEx route already draws from a wider social background than other parts of the

legal profession¹. We feel it is essential that any new equality and diversity initiatives are co-ordinated with the existing groups and bodies that are promoting the same in order to maximise resource and outcomes.

20. In Annex 1 the LSB reports on its progress against delivering its equality objective, one of which is to 'develop a consumer toolkit'. Based on the report it appears that the consumer toolkit has been developed and reviewed. It would be beneficial to ARs if the consumer toolkit is made publically available.

21. At page 13, paragraph 13 we observe the usage of the term 'approved regulator'. Clarification is sought as to who the LSB is referring to in this passage.

Regulator Performance and Oversight

Developing standards and performance

22. The draft Business Plan sets out the LSB's approach in assessing and monitoring delivery of best regulatory practice in accordance with the better regulation principles. The plan comprises the following four elements:

- an outcomes-driven approach that gives the correct incentives for ethical behaviour and has effect right across the increasingly diverse market;
- a robust understanding of the risks associated with legal practice and the ability to profile those regulated according to the level of risk they pose;
- supervision of the regulated community at entity and individual level according to the risk presented; and
- a compliance and enforcement approach that deters and punishes appropriately.

¹ <http://www.publications.parliament.uk/pa/ld201011/ldhansrd/text/110405-0002.htm#11040582000047>

23. We are pleased to note the LSB's recognition of IPS's commitment to an outcomes focused approach to regulation, and having in place enforcement procedures that are stronger than most but proportionate in their application. (Developing Regulatory Standards Report: An assessment of the legal services regulators).
24. Monitoring of the four elements will involve ensuring that regulation administered by ARs meets the better regulation principles. The LSB proposes this by holding 'regulators to account' and by ensuring that agreed action plans and outcomes are being delivered at agreed times.
25. The LSB draft Business Plan proposes an inappropriately intrusive approach for an oversight regulator. The LSB's interest in acting as an economic or market regulator, in a similar way to Ofcom, goes well beyond the intentions for the LSB by the 2007 Act.
26. The LSB should also embrace the better regulation principles when carrying out oversight regulation via the regulatory practice standards instead of proposing an approach (prevalent throughout the draft plan) which is wholly inconsistent with oversight regulation.
27. It is important to bear in mind that the 2007 Act draws a distinction between the roles of ARs and the role of the LSB as oversight regulator. The LSB is responsible for ensuring that the systems and processes established by all ARs (or their regulatory bodies) are fit for purpose and that an AR makes decisions reasonably after considering relevant matters. The 2007 Act's enforcement powers envisage that the LSB may only impose decisions by way of directions or otherwise assume a front-line regulatory role if this is not happening (for example, if the regulatory objectives are not only being adversely affected by an act or omission by the AR, but that act or omission was unreasonable and enforcement action is a proportionate response².)

² Section 49 of the Legal Services Act 2007

28. Section 4 of the 2007 Act is also relevant in this respect. This section is not conferring any primary role on the LSB, rather it clearly obligates the LSB to “assist... in relation to the regulation *by approved regulators*” [emphasis added]. The language of the business plan appears to be at odds with section 4 of the 2007 Act.
29. The decision on how best to comply with the regulatory objectives within their sphere of responsibility is for the individual ARs, who must draw up their business plans, identify their priorities having regard to their regulated community and the need to allocate their budgets accordingly. Otherwise, there is a very real risk that the initiative will be removed from the ARs by requiring them instead to prioritise compliance in accordance with the LSB’s priorities, in a way and within the timeframes the LSB determines.
30. We note that the LSB proposes to monitor ARs adherence to their action plans closely and, where appropriate, take action for failing to keep to them without good reason. Clarification is sought as to the type of action the LSB envisages it will take for such failure. Whilst the smaller regulators and CILEx are determined and focused on delivery to the required standards, and to time, an early impression was given that the Law Society/SRA and the Bar Council/Bar Standard Board were given greater leeway on timetables. For example, late delivery/noncompliance with Internal Governance Rules. The LSB should be consistent in the way it applies its policies to the regulators.
31. Further, we support the view that it is legitimate to anticipate risk (to foresee circumstances where risk may arise in the future even in the absence of current evidence that such risk has materialised). This is very much part of risk-based, outcomes focused regulation.
32. Effective and proportionate regulation includes (i) putting in place robust standards which are set at a level that prevents any detriment to the consumer whilst also containing the flexibility to respond to future market changes; and (ii) responding appropriately to risk. Provided regulation

does not inappropriately inhibit innovation, consumers will be able to choose from a range of options. However, it should be noted that providing adequate consumer protection can result in increased regulatory costs which are usually borne by the profession and passed to the consumer. Increased regulation can increase the prices consumers pay for legal services. It is important to carry out a cost benefit analysis and an equality assessment on any measure which proposes to increase regulation, in addition to the access to justice assessment we recommend above. Paragraph 26 of the draft Business Plan fails to make provision for this.

33. IPS submitted its regulatory standards self-assessment in 2012 and is committed to developing as an entity regulator. IPS has advanced considerably since submission of the self-assessment and has developed applications for designation in accordance with better regulation principles and the four elements of regulation. The LSB say that they will take regulators progress on implementing action plans into account in assessing applications for a new designation or extension of responsibility. We would urge the LSB to take into consideration, when assessing designation or extension applications, the length of time between the regulatory standards self-assessment and the application and the progress the AR has made since the assessment.

Consumers

34. Chartered Legal Executives find that consumers are often entrenched with their own preconceived ideas of what a lawyer is and generally think of a lawyer as being a solicitor or barrister. When more alternative business structures are in place with different legal professionals and non-lawyers working together the confusion amongst consumers could be significant. The business plan does not appear to address this potential for consumer confusion.

35. In 2012 IPS responded to the LSB on its progress against the first-tier complaints handling action points set by the LSB in July 2012. IPS will

continue to update the LSB on progress. IPS's strategy and business plan, like the LSB's, includes objectives relating to consumer engagement, first tier complaints, consumer empowerment and working closely with the Legal Ombudsman.

Regulation of immigration advice by qualifying regulators

36. IPS is due to submit its application to change its regulatory arrangements for regulating immigration advice and immigration services. The revised arrangements should achieve the desired outcomes for consumers who need immigration advice and immigration services against the outcomes that were set out by the LSB in July 2012.

Complaints handling by legal services providers

37. We note the comments in paragraph 32 at page 19 in respect of the action point imposed on all regulators to improve the way in which complaints are considered by lawyers and to target areas of greatest consumer need. The approach taken by the LSB was intended to be proportionate. However, CILEx and IPS's experience is that the LSB's approach has not been proportionate to the needs and abilities of each regulator.

Review of regulatory sanctions and appeals processes

38. We agree with the sentiment that it is essential that consumers are protected from lawyers that are corrupt, negligent or of poor quality. However, we take issue with the statement that '*arguably, inconsistency undermines the rule of law as much as it does the effectiveness of the market*'. The absence of significant detail and or evidence supporting this assertion makes it meaningless.

Completing the regulatory framework

39. Given that the LSB is a licensing authority under section 73 of the 2007 Act (though it may only want to carry out this function as a last resort), it is prudent for the LSB to be prepared to fulfil this role if required. We seek clarification as to how the LSB proposes to ensure appropriate,

transparent and organisational separation between the activities of the LSB that relate to licensing authority functions and other activities.

40. As stated in our response to the LSB's Business Plan 2012/13, we agree with the approach the LSB is taking in relation to licensing by developing licensing rules and processes only when necessary to do so. Such an approach will avoid unnecessary expense if the LSB is not required to become a licensing authority.

Ending the transitional arrangements for licensing bodies and the regulation of 'special bodies'

41. We welcome the decision to revise the time scale for the removal of transitional protection for special bodies. We recognise that legislation requires an end date to transitional arrangements. The LSB needs to assess whether current and prospective licensing authorities will have sufficient time to research, plan, and work with special bodies before the transitional protection is removed.

42. As our response to the 'special bodies' consultation made clear, it is important that special bodies and not-for-profit organisations that undertake reserved legal activities as defined by the 2007 Act submit to a single form of oversight regulation and that such regulation is entity based. Entity based regulation of special bodies will address the gap that exists when lawyers are employed by not-for-profit organisations. It will also bring much needed consistency to the sector and an independent form of redress for consumers via the Legal Ombudsman.

43. Furthermore, all of the different special bodies will need time to adapt to a different regulatory regime, a task which cannot be assumed to be straightforward. There are very substantial risks in imposing complex and expensive regulatory models on a fragmented sector undertaking important work with diminishing funding.

44. We have started the process of engagement and facilitating relevant dialogue with the special bodies from the non-commercial sector. This will be an on-going process to ensure that we are fully aware and alive to the particular concerns of the sector as highlighted in our consultation response.
45. We are concerned to note that the LSB assumes that the SRA will be the only AR that can regulate the sector appropriately as a licensing authority. This also ignores the fact that some of that sector may not want to be regulated by the SRA.

Strategy Development and Research

Scope of regulation

46. General legal advice is currently not a reserved activity, but is provided by many voluntary sector organisations for example, law centres, CABx, welfare rights organisations, and community rights' groups. The decision to investigate whether general legal advice should become a reserved legal activity should not be taken in isolation from the ending of the transitional protection currently enjoyed by the voluntary sector and special bodies.
47. Ending the transitional protection will introduce licensing of special bodies that carry out the current list of reserved activities. The special bodies that provide general legal advice could be regulated at a later date, if it became regulated, providing a staggered approach to regulation of special bodies.
48. It would be important to bear in mind that such a staggered approach as a result of general legal advice becoming reserved may not be suitable for special bodies that may experience numerous shifts in their model of delivery of legal services to meet changing regulatory demands.

49. The approach to risk will be different depending on whether or not general legal advice is a reserved activity. It will also depend on whether general legal advice, if a reserved activity, can be carried out by 'exempt persons' for 'no fee, gain or reward'. If such an exemption is included, arguably special bodies could continue to provide general legal advice if it is provided free of charge. In any event, it is important to ensure a smooth transition with the least negative impact on the voluntary sector and special bodies.
50. The draft Business Plan is silent on the link between the ending of the transitional protection and investigation/research on the reservation of general legal advice.
51. CILEx considers all of the above to be necessary components to any consultation on introducing a reservation for providing general legal advice.
52. As it currently stands, the regulation or reservation of legal activities is somewhat confusing and remarkably obscure, especially to the public. The distinction between regulation and reservation is nonsensical, when both aim to achieve high standards but ultimately cause confusion for the consumer. The creation of reserved legal activities (as a form of exclusivity granted by the State to those deemed to be appropriately qualified) is only one approach to regulation.
53. Parliamentary intervention has also led to some services that would fall within the definition of 'legal activity' in section 12(3)(b) of the Legal Services Act 2007 being regulated by statute, but not as reserved legal activities. Examples include immigration advice, claims management services, and insolvency work. This adds a degree of complexity to the regulatory terrain, which is not in the consumer interest.
54. Given the above, the history of the currently reserved activities does not provide a sound basis for identifying suitable criteria for the addition or

removal of reserved activities in the future. Such criteria should be developed before considering whether to bring new legal activities into regulation, including for example general legal advice. There is an absence of what evidence was used to determine that general legal advice should be looked at as a reserved legal activity. For example, it would be useful to know whether there are any specific areas of general legal advice that have caused concern to the LSB.

Developing a changing workforce for a changing market

55. We accept the LSB will wish to support and challenge the SRA, IPS and BSB in the implementation of the recommendations of the Legal Education and Training Review. That said, the implementation of the recommendations will be for the SRA, BSB and IPS to decide. The LSB will have little or no involvement with the delivery of the recommendations as under the 2007 Act; the remit of the LSB is with assistance and development and not with delivery³.

56. We do not share the view at paragraph 62 that the benefits of liberalisation of ownership and control of legal business risks being limited if the education and training of lawyers and the legal workforce remains inflexible. The training and progression routes provided by CILEx are flexible. For example: the CILEx route; the legal secretarial and legal studies qualifications with City & Guilds firmly based upon NOS; the opportunities for employers to use NOS and indeed their own standards to develop in-house training which can be accredited by CILEx; and the ability of CILEx to develop customised awards for firms all mean that the education and training of both lawyers and the legal workforce is flexible and innovative. National law firm Irwin Mitchell celebrated its groundbreaking partnership with The College of Law and The Chartered Institute of Legal Executives after it was named the Education and Training Initiative of the year at the prestigious British Legal Awards last November. Launched in 2011, the initiative is the first legal and business education

³ Section 4 of the Legal Services Act 2007.

programme to be established by a UK law firm. Such initiatives are symptomatic of an increasingly flexible sector, and not indicative of uniform inflexibility.

Costs and complexity of regulation

57. It is imperative that the LSB avoids becoming, whether by accident or design, an even more expensive bureaucratic burden on the professions and ultimately the consumer. To do so would not only fail to promote the regulatory objectives under the 2007 Act, but would positively endanger them. An overly interventionist super-regulator is financially unsustainable, as recognised in paragraph 70 of the draft Business Plan. We observe that the LSB is '*committed to investigate the cost of legal services regulation and its impact on the regulated community*', including elements of non-regulatory 'permitted purposes'. We consider that there is a real risk of duplication of effort between front line regulators and the LSB which will add to costs imposed by regulation. We are concerned that the statements in paragraphs 70 and 71 allude to a desire to be a market regulator rather than one which analyses and corrects the regulatory environment to ensure constancy of approach. We fail to understand the desire to investigate permitted purposes. Parliament has already recognised the public interest role of 'permitted purposes' in section 51 of the 2007 Act. We are unsure as to meaning of 'legal services regulators' at paragraph 72. Does it mean ARs or their regulatory bodies?

58. We note that the LSB is proposing to reduce its budget for 2013/14 by £50k from the 2012/13 budget. We would urge further economies of scale from this budget to reflect government departments which have been tasked with saving 20% resulting from the spending review for the 2010/15 Parliament. This will ensure that the LSB remains a lean, but effective non-departmental public body which is committed to supporting proportionate, independent and cost effective regulation.

Research and evaluation/evidence

59. The LSB appears to have an extensive and ambitious programme to undertake research for 2013/14. The sheer volume of the different research projects proposed within one year will invariably have a significant impact on the costs of ARs. The potential for research is vast and it is essential to ensure that a proportionate approach is taken having regard to what resources and research findings are already available. The absence of any sort of prioritisation, together with the lack of any real evidence showing the need for such an ambiguous research programme, begs the question why is this research being undertaken in the first place. An exhaustive study to see what is 'out there' should be the starting point.

60. The LSB needs to adopt this approach across all research activity. The LSB's research effort should be concentrated on areas where research is not readily available or cannot practically be carried out by approved regulators or their regulatory arms. It must be clear that there is a regulatory justification for incurring the expenditure concerned. The LSB should review its research programme to make sure it is relevant to its role as an oversight regulator.

61. The evaluation and research that the LSB has previously commissioned has not always generated the outcomes envisaged and in other areas has duplicated research that is readily available elsewhere. Duplication and overlap result in unnecessary costs to the profession and ultimately the consumer.

Statutory Decision making

62. We note that the LSB may be required to make ad hoc decisions on AR changes to regulatory arrangements made as a result of AR responses to LSB policy development. The LSB therefore has a wide discretion to drive changes to the ARs codes of conduct and other regulatory arrangements through LSB policy developments. We are keen to ensure that any changes required in response to LSB policy developments are proportionate and in keeping with the better regulation principles.

Clarification is sought of the use of the term 'applicable approved regulator' at paragraph 93 as it has no meaning under the Act.

Reviewing the Levy

63. We strongly support the application of the better regulation principles in the application of s173 (3) of the 2007 Act in determining the levy applied to ARs.

64. We note that the per capita basis was the preferred apportionment method for LSB costs because it was the 'best available in the absence of any other reliable data'. It does, however, have many flaws. It is only one measure of proportionality and ignores a targeted risk based approach. Whilst it may take into account the relative size of the ARs, and meet consistent methodology between the ARs, it does not have regard to the individual circumstances of regulated members. We welcome the decision to review the apportionment methods in respect of the levy.

65. As an AR under the 2007 Act, CILEx is rightly and reasonably concerned with the control of the LSB's budget, which will ultimately determine the overall leviable expenditure imposed on ARs. Expenditure at CILEx is carefully monitored and controlled, mindful that it is members' money. We expect the LSB to be equally vigilant and are concerned at the lack of provision for external scrutiny. Furthermore, we fear that the estimated LSB expenditure, including that of LeO may be seen as expenditure targets rather than expected maxima.

Delivering our Plan

66. It is noted at paragraph 117 of the draft Business Plan that the LSB encourages both the LeO and the ARs to maximise joint working initiatives so that each organisation is informed by the perspectives and experiences of each other. The LSB also expects improved data sharing as a vehicle to drive lasting improvements in complaints handling and service provision. We accept that provision of such information could be useful tools in helping consumers decide whether to use a particular legal services

provider and to drive improvements to service provision. In any event, the right balance needs to be struck in the use of such information to drive through quality changes and promoting competition, as under the 2007 Act. The LSB must also recognise that another important purpose of an effective complaints procedure is the building of public confidence and trust.

67. We would like further information to be provided on how the LSB reviews the OLC's performance.

Corporate Governance

68. We note the wide remit of the Remuneration and Nomination Committee (RNC). The extraordinarily large remit appears to sit uncomfortably with an organisation that has less than 40 staff. We would welcome further clarification and a breakdown of costs in the setting up of the RNC committee.