

To:	Legal Services Board	
Date of Meeting:	17 July 2018	Item: Paper (18) 33
Title:	Chief Executive's progress report – July 2018	
Strategic theme	All	
Introduced by:	Neil Buckley, Chief Executive	
Status:	Official	

Summary:

This paper updates Board Members on key developments across the organisation since the 24 May 2018 meeting. The Board's attention is drawn, in particular, to the following matters:

- A meeting was held with Lord Keen following the laying of the LSB annual report and accounts.
- The appointment of two new lay members of the Board, and the re-appointment of two non-lay members of the Board is now progressing, following the RNC on 4 July;
- The proposed arrangements for authorising the fixing of the LSB's seal;
- The conclusion and results of the Education and Training project; and
- The latest developments in relation to the Regulators' Pioneer Fund.

Recommendations:

The Board is invited to **note** this report and - in particular - to **approve** the arrangements for fixing the LSB's seal as set out at Annex B.

Risks and mitigations

Financial: N/A.

Legal: N/A.

Reputational: N/A.

Resource: N/A.

Consultation	Yes	No	Who / why?
Board Members:		✓	Routine report
Consumer Panel:		✓	Routine report
Others:	N/A.		

Freedom of Information Act 2000 (Fol)

Para ref	Fol exemption and summary	Expires
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Para 27: part of first sentence and part of second sentence Para 28	S36(2)(b)	N/A
Para's 29 and 30	S42	N/A

LEGAL SERVICES BOARD

To:	Legal Services Board	
Date of Meeting:	17 July 2018	Item: Paper (18) 33

CHIEF EXECUTIVE'S PROGRESS REPORT – JULY 2018

Ministry of Justice (MoJ) matters

Appointment matters

1. The MoJ announced the appointment of Dr Helen Phillips as permanent Chair of the LSB on 21 June 2018. Helen's term of office is until 31 March 2023.
2. Following discussion at the Remuneration and Nomination Committee on 4 July 2018 (see separate update), we are now working closely with MoJ officials to secure the re-appointments of two non-lay members, and the appointment of two lay members – one lay member to start as soon as possible, the other to take up post on Terry Babbs' departure.

Other sponsorship matters

3. Helen and I met Lord Keen on 3 July for a helpful update meeting. Key matters that arose in discussions included the LSB budget, the TLS investigation, the IGR review, the LSB's work on diversity and transparency plus the role of technology in innovation in the legal sector.
4. MoJ officials have asked us to contribute to a Cabinet Office workforce projections commission, which has a deadline of 17 July 2018. We are progressing this matter.
5. Following a steer from RNC at its 4 July meeting, we are now in the process of submitting our pay remit to MoJ for sign off.

Colleague and organisation matters

6. Since the last meeting, we have welcomed the following colleagues to the LSB:
 - Huw Penson, who joined us on 4 June as Corporate Affairs Associate, has taken over from Stephanie North following her promotion to Corporate

Governance Manager. Huw's last role was at Globe Business Media Group, where he was a Researcher;

- Tim Borthwick, who joined us on 19 June as Regulatory Policy Associate (maternity cover for Gabrielle Stewart), will be working on policy and corporate governance matters. Tim's last role was at the Department of Finance (Australian Government), Advisory and Performance Branch where he worked as a Senior Analyst;
- Jennifer Brenton, a secondee barrister from 33 Bedford Row, joined us on 3 July. Jennifer is providing legal support to the IGR project – drafting the rules and the guidance with the policy team. She will be with us until the project reaches completion later in the year.

7. The following colleagues will be joining us in the coming weeks:

- David Fowlis joins as a Regulatory Policy Manager, and starts on 17 July. David has managed merger and market investigations at the Competition and Markets Authority (CMA) and its predecessor the Competition Commission for over 10 years, as well as having been the CMA's Acting Head of Governance
- Sally Al-Saleem will be joining us on 24 September as Regulatory Project Manager. Sally will come to us from Ofwat and was previously with the CMA. She will be replacing Bryony when she leaves us.

8. Nicola Noble, Legal Adviser, will start her maternity leave in early August. Toakase Tonga, interim Legal Adviser, has agreed to extend her contract with us to cover Nicola's maternity leave - Toakase will be with us until the end of September 2019.

Governance

Annual Report and Accounts

9. The LSB's Annual Report and Accounts 2017/18 was laid before Parliament on 14 June 2018.

Office for Legal Complaints

10. The OLC's voluntary assurance letter relating to its June board meeting is attached at **Annex A**. Marina Gibbs will be attending the OLC's July meeting on 9 July to observe how they hold the executive to account on performance.

11. The OLC has begun to publish the board papers of its meetings in line with the measures set out in our 'what good looks like' discussions on transparency.

Fixing the LSB seal

12. A recent governance matter has raised the fact that while we do have a company seal, we do not have any documentation (either stand alone, or as part of our scheme of delegations) which sets out who has authority to approve the fixing of the seal on behalf of the LSB. The Board is invited to **approve** the arrangements for fixing the LSB's seal as set out at **Annex B**.

Regulatory developments

Horizon scanning

13. The horizon scanning report can be found at **Annex C**.

EU Exit

14. We continue to maintain contact with the MoJ but no main developments to report while we await firm decisions on the future relationship between the UK and EU.

Research

15. The main developments since the last Board meeting are:

- Innovation – we are currently analysing the survey data and are exploring the possibility of launching the findings with a media partner.
- Individual legal needs survey – we have agreement with the Law Society to jointly fund the project and expect procurement to begin soon.
- Market intelligence hub – We have uploaded all relevant data to the research web pages and charted data where possible. The next stage will be to pass the required design changes to our IT support. We expect to have a full launch in September.
- Further analysis of the small business legal needs data – work to look at the key drivers of advice seeking behaviour has been completed. This has found that small businesses who believe that “Legal services providers are transparent about their costs” are twice more likely to seek advice when facing legal issues.
- Robert Cross, has presented the findings of the small business legal needs research at the UCL International Access to Justice Conference and at the OECD Equal Access to Justice Conference in Riga, Latvia. Both reflect the internationally pioneering nature of our work in this area.

Regulatory performance

16. Having identified where further information on the regulators' performance is needed on the outcomes under the five function based standards in the revised Regulatory Performance framework, we have requested this from the regulators. Their responses are expected by the end of July. On the basis we

have assured ourselves of the regulators' performance against the expected outcomes in the new framework, the revised approach will be adopted fully. A formal programme of ongoing monitoring and relationship management will then be utilised to assess their performance on a continuous basis.

Education and training

17. In last year's business plan we set out that we would carry out a project on education and training. This project would *'increase our engagement with the wider education and training community to make sure we maintain a rich and broad understanding so that our approach to oversight continues to be fit for purpose and reflects best regulatory practice'*.
18. The project has now concluded and has resulted in the following high level outcomes:
- We have developed contacts with 20 new stakeholders with an interest in education and training for regulated lawyers. These contacts will be useful for the LSB when considering education and training matters in the future. We also received valuable insights and learning from these stakeholders, which is being shared with colleagues to inform their work.
 - We have established that there is support for our 2014 statutory guidance on Education and Training, although many stakeholders were not aware of its existence. Therefore, we will retain and highlight this existing guidance. Whilst some of the references in the guidance are a little dated, the five outcomes that the LSB expects regulators to achieve remain relevant, particularly in the light of the ongoing reforms within the sector.
 - Evidence indicated that that LSB's approach to oversight of education and training is fit for purpose but that we should communicate more openly on our website about how we deliver this responsibility. A new webpage, within the LSB website, will close a gap in how everything fits together in relation to education and training. This should provide reassurance to stakeholders that even if the LSB does not feature a project dedicated to education and training in every business plan, education and training remains an integral part of our ongoing work. Once the new webpage is live the project team will email the stakeholders that took part in the engagement exercise to highlight the new page and the guidance which is an integral part of it.

Commission on Justice in Wales

19. Our response to the call for evidence has been submitted. Lord Thomas has kindly agreed to host a roundtable following the Board's meeting in Cardiff in November.

Regulators' Pioneer Fund

20. BEIS has published full details of the £10 million competition, which will invest in regulator-led initiatives that support businesses to bring innovative products and services to market. The competition opened on 4 July and closes on 14 August. Projects must start by October 2018, end by April 2020 and can last between six and 18 months. The team is pro-actively considering the feasibility of making a bid and continues to work with the regulators to explore potential joint applications.
21. As picked up in the horizon scanning report, there are helpful synergies with the LawTech delivery panel announced by the Lord Chancellor.

Independent review of legal services regulation

22. The independent review into the regulatory framework for legal services in the UK led by Professor Stephen Mayson at UCL was launched on 12 July. The terms of reference of the review, attached at **Annex D**, take as their starting point the six themes in the 'legislative options paper' which were the product of cross-regulator discussions facilitated by the LSB following the 2014 Ministerial summit. Of course, the LSB published its own vision for legislative reform, assisted by Professor Mayson, in September 2016.
23. Professor Mayson expects to engage with stakeholders during the course of his review and we will be pleased to assist with this important work.

Statutory decisions

24. Since the last Board meeting on 24 May, the LSB has made the following statutory decisions:

- Received and approved two full rule change applications from:
 - CILEx Regulation, to make changes to its Professional Indemnity Insurance Minimum Wording in order to create consistent insurance standards for firms switching regulators.
 - SRA - changes to implement the European Insurance Distribution Directive (IDD)

Both applications were dealt with within the 28-day initial decision period.

- We also assessed and issued the following four exemption directions:
 - The ICAEW amendments to its regulatory arrangements relating to its conduct committees

- BSB consequential amendments related to the General Data Protection Regulation
- The Association of Chartered Certified Accountants (ACCA) implementation of IDD
- Council for Licensed Conveyancers (CLC) implementation of IDD

25. We also received a full rule change application from the BSB to remove its Quality Assurance Scheme for Advocates regulations. This is currently being assessed.

26. The recommendation of the LSB that CILEx Regulation be approved as a licensing authority for alternative business structures, is currently with the Lord Chancellor. He has until 5 September 2018 to make his decision.

Legal issues

General Data Protection Regulation (GDPR) (EU) 2016/679

27. The LSB has [REDACTED] compiled a short register of compliance work to ensure the LSB continues to meet with the requirements of the GDPR. The areas identified included [REDACTED] [REDACTED] (i) updates to data sharing and other contracts and (ii) updates to the LSB website. The LSB has also included within the register the need to take steps to ensure colleagues maintain compliance with information management policies and procedures following training. To assist staff, the LSB also aims to produce guidance to its information retention and disposal policy. The register of ongoing compliance work is available to Board members if they would wish to see it.

[REDACTED]

28. [REDACTED]
[REDACTED]

[REDACTED]

29. [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

30. [REDACTED]
[REDACTED]
[REDACTED]

Cyber threat to UK legal sector

31. On 19 July the National Cyber Security Centre 'NCSC' (part of GCHQ) will be launching its report on the cyber threat to the legal sector. The purpose of the report is to help law firms understand the current cyber security threats, the extent to which the sector is being targeted and offer practical guidance on how they can protect their practice. Their priorities are ensuring and establishing resilience and maturity in key economic sectors so that they may withstand future cyber threats. Part of their mission is to encourage development of innovative products and services to assist the industry with information security.

32. NCSC will provide us with an advance copy of the report and colleagues from the policy team and LSCP will also attend the launch event and keep abreast of developments as the project continues. We will update the Board on this at the next meeting as appropriate.

Communications and external engagement

33. Since the last report to the Board, the LSB has:
 - responded to the Commission for Justice in Wales' call for evidence. This is our second contribution to the Commission and follows on from initial input in January;
 - published the results of the Law Society/SRA investigation. We held an advance briefing for a number of journalists on the morning of publication (which was at 12 noon) which was attended by Legal Futures, the Law Society Gazette, BBC Law in Action and Joshua Rosenberg. The publication was covered in some detail by parts of the trade press in the following days. A short article was written for Modern Law Magazine outlining the findings of the investigation;
 - announced our CILEx Reg licencing authority recommendation to the Lord Chancellor and the confirmation of the appointment of a permanent Chair;
 - the Strategy Director and Research Manager spoke at the UCL International Conference on Access to Justice and Legal Services;
 - the Chief Executive spoke at a meeting of the Yorkshire Law Societies meeting in Leeds.

34. The table below lists all of my and the Chair's meetings held since the last Board meeting. Copies of the meeting notes are available on request.

LSB senior level meetings, 17 May – 17 July		
Date	LSB attendance	With whom
21 May	Chair and Chief Executive	Chair & CEO, Bar Council
4 June	Chief Executive	CEO, The Law Society
5 June	Chief Executive	President, Vice-President & CEO, the Law Society Scotland
5 June	Chair and Chief Executive	Chair & CEO, Solicitors Regulation Authority
11 June	Chief Executive	Viv Williams, Consulting Director and Steve Billot, Consultant, Symphony Legal
12 June	Chief Executive	CEOs of the Law Society and SRA
26 June	Chief executive	Annabel Burns, Director, Judicial Policy and Legal Services Directorate, Ministry of Justice
27 June	Chief Executive	<i>Meeting and Presentation</i>
29 June	Chief Executive	CEO, Office for Legal Complaints
3 July	Chief Executive	CEO, Bar Standards Board
3 July	Chair and Chief executive	Lord Keen, Advocate General for Scotland and Ministry of Justice Spokesperson in the Lords
4 July	Chair and Chief Executive	Michael Caplan, Chair of the Regulatory Policy Committee, ICAEW & Peter James, Head of Regulatory Policy, ICAEW