

**Minutes of the Legal Services Board (LSB) meeting held on 17 July 2018**

<b>Date:</b>	17 July 2018	
<b>Time:</b>	10:00 – 10:30 (Board private session) 10:30 – 13:00 (Board meeting)	
<b>Venue:</b>	2 <sup>nd</sup> floor, One Kemble Street, London WC2B 4AN	
<b>Present:</b>	Catharine Seddon	Chairing the meeting
	Dr Helen Phillips	LSB Chair (by telephone) (up to item 14)
<b>(Members)</b>	Neil Buckley	Chief Executive
	Jemima Coleman	
	Marina Gibbs	
	Jeremy Mayhew	(items 14 and 15 only)
	Michael Smyth CBE QC (Hon)	
<b>In attendance:</b>	Caroline Wallace	Strategy Director
	Nicola Noble	Legal Adviser
	Holly Perry	Head of Corporate Services
	Ben Cavanagh	Regulatory Policy Associate (observing)
	Huw Penson	Corporate Affairs Associate (observing)
	Lau Ciocan	Consumer Panel Associate (observing)
	Steph North	Corporate Governance Manager (minutes)
<b>In attendance for specific agenda items:</b>		
	Angela Latta	Regulatory Policy Principal (item 4)
	Bryony Sheldon	Regulatory Policy Manager (item 4)
	Craig Wakeford	Regulatory Policy Associate (item 4)
	Jenny Brenton	Interim Legal Adviser (item 4)
	Chris Nichols	Head of Regulatory Performance (item 5)
	Tom Peplow	Regulatory Policy Manager (item 5)
	Steve Brooker	Head of Research and Development (items 5-7)
	Ian Wilson	Business Planning Associate (item 7)
	Rusere Shoniwa	Interim Director of Finance (item 8)
<b>External attendance</b>		
	Paul Smith	Partner, Eversheds Sutherland (item 15)

## BOARD MEETING

### Item 1 – Welcome and apologies

1. The chair welcomed those present and in attendance to the meeting, in particular members of the executive who were observing the meeting, the Corporate Governance Manager who would be taking a note of the meeting and the LSB Chair who had joined the meeting by telephone.
2. Apologies had been received from Terry Babbs and David Eveleigh. The Head of Corporate Services confirmed that the Board was nevertheless quorate (on the basis that there was a balance of lay and non-lay members, and the Board continued to carry a vacancy).

### Item 2 – Declarations of interests relevant to the business of the Board

3. No declarations of interest were declared.

### Item 3 – Paper (18) 33 - Chief Executive's progress report

4. The Chief Executive presented his progress report for the period June to July 2018, drawing the Board's attention in particular to the following points:
  - The OLC's June voluntary assurance report was attached to the CEO report, and the July report had been circulated by email to Board Members on 16 July; a challenging yet constructive discussion at the OLC's last Board meeting had been well reflected in the most recent assurance report which the Board formally **noted**;
  - The executive was considering a joint bid(s) with other regulators to the Regulators' Pioneer Fund: the competition would close on 14 August. The Fund comprised £10m to invest in regulator-led initiatives that support businesses to bring innovative products and services to market;
  - In relation to Prof Stephen Mayson's independent review into the regulatory framework for legal services into the UK, the Board noted that this work would build on previous cross-regulator discussions which included the LSB and which were chaired by Prof Mayson, and that Lord Keen had recently expressed interest in this work during a meeting with the Chair and Chief Executive;
  - The Board thanked Rob Cross for his presentation of LSB research on legal needs at recent international conferences, noting this represented a repositioning of the LSB and its work to promote England and Wales' legal services on the global stage;
  - The Board welcomed the new LSB webpage dedicated to Education and Training work, and the opportunity it presented for a wider range of stakeholders to be made aware of LSB work in this area;
  - The Board **approved** the arrangements for fixing the LSB's seal, as set out at Annex B.
5. Members **noted** the Chief Executive's progress report.

### Item 4 – Paper (18) 34 – IGR Review – consultation response document

6. The chair welcomed Angela Latta, Bryony Sheldon, Craig Wakeford and Jenny Brenton to the meeting, noting thanks to the team, and in particular to Bryony ahead of her leaving the LSB in early August - to take up a role at the Gambling Commission - for their work to date on this project. The paper contained the updated draft LSB response document following the November 2017 consultation on revising the internal governance rules (IGR), which had been modified in light of the constructive discussions at the additional Board meeting held on 26 June 2018. The following points were drawn to the Board's attention:

- [REDACTED]
- [REDACTED]
- [REDACTED] [FoIA exempt s36]

7. The following points were raised in discussion:

- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED] [FoIA exempt s36]

8. The Board **approved** the final response document, subject to comments raised, and **delegated** final sign off to the Chief Executive ahead of publication.

**Item 5 – Paper (18) 35 – Disciplinary and enforcement processes**

9. Tom Peplow presented the paper, which provided an overview of the enforcement landscape in the legal sector. The paper highlighted a forward view of enforcement issues likely to arise in the next year – [REDACTED] – as well as an overview of the commonalities and differences between regulators. [REDACTED]

[Redacted]  
[Redacted]  
[Redacted] [FOIA  
exempt s36]

10. The following points were raised in discussion:

- [Redacted]  
[Redacted]
- [Redacted]  
[Redacted]  
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[Redacted]  
[Redacted]  
[Redacted]

[FOIA exempt s36]

11. The Board **noted** the contents of the paper; welcoming its clear structure and helpful annexes which set out enforcement processes by regulator.

**Item 6 – Paper (18) 36 – OLC Annual Report & Accounts 2017/18**

13. The Chief Executive presented the paper, noting that the OLC is required to present its Annual Report and Accounts to the LSB, and the LSB 's role is to note and not to provide comments on it. The Report was due to be laid before Parliament on 19 July. The Chief Executive drew attention to OLC's transparency around performance figures at figure 11 in the paper.

14. The Board **noted** the report and raised the following points:

- The Board expressed its thanks to Marina Gibbs and Caroline Wallace for their work leading engagement with the OLC.

- The Board welcomed the perceived change in approach by the OLC in relation to transparency of its reporting, and consistency with the most recent voluntary assurance letter.

**Item 7 – Paper (18) 37 - Performance reporting:**

15. Holly Perry presented an overview of the paper explaining that the executive has been working for some time on an approach to 'impact' or 'benefits' tracking, as a way of assessing and demonstrating the impact of the LSB on its three strategic objectives. The paper set out progress so far, incorporating amendments proposed by the Audit and Risk Assurance Committee at its meeting on 21 May. [REDACTED]

[REDACTED]  
[REDACTED]  
[REDACTED] [FOIA exempt s36]

16. The Board considered the paper and made the following comments:

- It was agreed that the approach was simple and clear, and the proposals were a positive step towards measuring outcomes, not just outputs;
- The LSB Chair welcomed the decision to measure outcomes, even though they were not always within the LSB's sole power to control;
- Annexes B and C in particular were welcomed as clearly stating what the markers of success were likely to be.

17. The Board approved the recommendation that the first update be presented to the Board in May 2019 in early draft (with a further draft to be presented in July 2019), based on an assessment of performance during the 2018/19 financial year. [REDACTED]

[REDACTED] [FOIA exempt s36]

**Item 7(ii) – Paper (18) 37 (ii) – revised Q1 performance report**

18. Ian Wilson presented the paper, which outlined how the LSB was tracking progress against its business plan objectives in the year using a 'dashboard' style approach. It was noted that the paper would be presented to the Ministry of Justice subject to the Board's comments.

19. The Board **considered** the paper and raised the following points:

- That this was another positive step towards better tracking of LSB performance – the dashboard was particularly clear to read;
- That the specified work streams could be even more actions-focussed and that the metrics would be fleshed out in due course.

**Item 8 – Paper (18) 38 – Q1 Finance Report 2018/19**

20. The chair welcomed Rusere Shoniwa to the meeting, who presented the Q1 2018/19 Finance Report. Key points to note were that: spending was materially in line with budget and that any overspends were the result of the timing of certain payments and were not a cause for concern; the underspend on staffing was much lower than

in previous years owing to the organisation now being at a full complement of 32 FTE staff. The full year payroll forecast was therefore in line with the budget; the rate of spend for Q1 in comparison to the same period last year was greater due largely to the increase in payroll spend as a result of vacancies filled. It was confirmed that any underspends outside payroll would be allocated to the LSB research pot.

21. The Board **noted** the latest Finance Report.

**Item 9 – Minutes of the previous meeting – 24 May 2018, 26 June 2018**

22. The 24 May private Board minutes had been formally **agreed** in the earlier private session, without amendment.
23. The 24 May main Board meeting minutes had been **agreed** by circulation.
24. The 26 June extraordinary Board meeting minutes were formally **agreed** without amendment.

**Item 10 – Action tracker**

25. The action tracker was **noted**.

**Item 11 – paper (18) 39 - Membership of the RNC**

26. Holly Perry presented this paper which requested the Board's agreement to formalise the roles on the Remuneration and Nominations Committee – Jemima Coleman as chair, and Marina Gibbs as a member – following the appointment of Dr Helen Phillips as permanent Chair of the LSB.
27. The Board **approved** the proposal, noting that the LSB should be mindful in seeking a fair balance across Board Members and their specific commitments. Consideration would be given as to how best to achieve an equitable balance of commitments during the upcoming assignment of Board leads for the 2018/19 workstreams.

**Item 12 – paper (18) 40 – Report of the 4 July 2018 Remuneration and Nominations Committee (RNC) meeting**

28. Jemima Coleman, as Chair of RNC, provided an update on the 4 July RNC meeting. Key points included:
- The RNC had agreed to seek permission from the MoJ for the appointment of two new lay members of the Board;
  - [REDACTED]

- [REDACTED]  
[REDACTED] [FOIA exempt s36]
- Three days' leave at Christmas when the office would be closed had been formalised, as had an additional day off for colleagues' birthdays. The Chief Executive noted that this had been well-received by colleagues – and the intention had been for this to form part of an enhanced colleague retention strategy, as well as bringing the LSB closer to its comparators in this area.

29. The Board considered the report and raised the following points:

- [REDACTED]  
[REDACTED]  
[REDACTED] [FOIA exempt s36]
- The LSB Chair highlighted a point from her recent meeting with Lord Keen that there was a clear expectation that the LSB would consider artificial intelligence and its impact on the legal sector as well as the implications of that on the LSB's approach to regulation.
- The Board agreed financial experience would not be essential as John Ward, the LSB's independent financial adviser, already provided very high level expertise to the ARAC.

30. The Board **noted** the report.

### Item 13 – Reflections / Forward Look

31. The Board reflected on the business considered at the meeting and also considered the business for the 20 September 2018 Board meeting. Any comments were to be sent to Holly Perry. The LSB Chair expressed thanks on behalf of the Board to Catharine Seddon for chairing the meeting in her absence.

### Item 14 – Any other business

34. Statutory decision making - Michael Smyth suggested it would be useful to have a refresh on the statutory decision making process - the Board agreed, [REDACTED]  
[REDACTED] The Board noted that such decisions were delegated to the Chief Executive under the *Scheme of Delegations*, nevertheless significant decisions would be brought to the Board's attention. [REDACTED]  
[REDACTED] [FOIA exempt s36]

35. [REDACTED]  
[REDACTED]

[Redacted]

[FolA exempt s36]

**Item 15 – External speaker – Paul Smith, Partner, Eversheds Sutherland**

- 36. Catharine Seddon welcomed Paul Smith to the meeting. Paul was the Chair of Eversheds Sutherland between 2014 and 2018. In that time, he had overseen the merger of UK firm Eversheds with a US firm of similar size, Sutherland. Since stepping down as chair at the end of his four-year term, he has remained a partner. Paul addressed the Board on the topic 'mergers between the UK and US'.
  
- 37. Key points included:
  - The background and business environment that had led to the merger;
  - The impact on colleagues and business performance;
  - The importance of cultural fit and the challenges of working between two entirely separate jurisdictions and tax regimes;
  - The importance of a diverse workforce and the corresponding difference in concepts of diversity across the world; and
  - The future of the partnership model for law firms.
  
- 38. The presentation was followed by an opportunity for the Board to ask questions.
  
- 39. There was no other business and the meeting closed.

SN 24/07/18

Signed as an accurate record of the meeting

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Date  
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