FINAL
Minutes of the Legal Services Board (LSB) meeting held on 22 March 2022

Date:	22 March 2022
Time:	13:00 – 13:30 (Board private session) 13:30 – 16:45 (Board meeting) 16:45 – 17:00 (Board meeting private session)
Venue:	Microsoft Teams
Present: (Members)	Helen Phillips, Chairing the meeting Catherine Brown Jemima Coleman Stephen Gowland Ian Hamer Gary Kildare Flora Page Catharine Seddon Michael Smyth CBE QC (Hon) Matthew Hill, Chief Executive

In attendance:	Steve Brooker	Head, Policy Development and Research
	Ethan Fleming	Corporate Governance Manager (minutes)
	Stuart Hamill	Head, Finance and IT
	Paul Nezandonyi	Head, Communications and Engagement
	Chris Nichols	Director, Policy and Regulation
	Holly Perry	Director, Enabling Services
	Danielle Viall	General Counsel
Attending for items:	Elisabeth Davies	Chair – OLC (Item 5)
	David Fowlis	Regulatory Policy Manager (Item 6)
	Robin Geddes	Regulatory Policy Manager (Item 7)
	Margie McCrone	Regulatory Policy Manager (Item 6)
	Paul McFadden	Chief Ombudsman – OLC (Item 5)
	Aisling O'Connell	Regulatory Policy Manager (Item 4)
	Sandra Strinati	Chief Operating Officer – OLC (Item 5)
Observing:	Natalie Donaldson	Communications and Engagement Associate
	Clare Brown	Policy Associate
Apologies:	Angela Latta	Head, Performance and Oversight

Item 1 - Welcome | Apologies

1. Apologies had been received from the Head, Performance and Oversight.

Item 2 - Declarations of Interest

2. Catherine Brown declared that she had been appointed Chair of the Enforcement Conduct Board.

Item 3 - Chief Executive's Report

3. The Chief Executive presented the progress report. The following points were raised in discussion:
   - An introductory meeting had been held with the new President of the SDT
   - More needed to be done to enable the collation of EDI data that would help improve understanding of differential outcomes for people from different groups. The Executive would seek to facilitate further discussions with the SDT and SRA. (**Action**)
   - SDT costs continued to increase despite hearing fewer cases. This was partially due to fixed costs keeping the cost per court figure higher as well as the impact of COVID. The SRA was undertaking more work in house before referral to the SDT and there was a role for the SRA to therefore better forecast the likely number of referrals to the SDT to assist with cost planning. The SDT could be requested to produce a nominal cost per court to allow the difference between this and the actual cost per court to be examined and explained.
   - A Board-to-Board meeting would be arranged with the SDT. (**Action**)
   - Discussions on improving LeO's ability to access outsourced resource were continuing.
   - The LSB had yet to form a policy position on strategic lawsuits against public participation (SLAPPs) but was intending to respond to the call for evidence on SLAPPs and there is an opportunity to address the issues in the upcoming Rule of Law project.
   - The Government response to the Better Regulation consultation aligned to many existing elements of the LSB's approach and was viewed as largely positive.
   - The SQE EDI data for the first year would provide a benchmark to assess future years and had been published to assist with transparency. The previous scheme had not allowed for data to be gathered in such a way. The SRA were actively reviewing the data to look at how the position could be improved.
   - The recommissioning of the public panel was a positive step and would provide a cost-effective resource for legal regulators to use.

4. The Board **noted** the Chief Executive's report.

Item 4 - Final LSB Business Plan and Budget 2022/23

5. The Regulatory Policy Manager introduced the item and explained that twelve written responses had been submitted to the consultation. After re-evaluation of the business plan in response to the comments received during consultation, no substantive changes were proposed. The following points were raised in discussion:
   - There was a genuine debate about where responsibility for regulation of litigation funding should sit, should it ultimately be decided that regulation was required.
   - In the future the LSB may need to establish a policy position on crowdfunding and other alternative ways of funding litigation.
   - In relation to the discipline and enforcement project, the Executive clarified that it did not intend to produce specific disciplinary rules for each regulator, but rather build consensus around the principles underpinning good practice in this area
   - The Public Panel produced significant benefits for low cost, and this should be emphasised in the consultation response document.

6. The Board **agreed** the LSB Business Plan 2022/23 and budget of £4.287m.

Item 5 - OLC Budget Application

7. The Chair of the OLC together with the Chief Ombudsman and Chief Operating Officer were welcomed to the meeting. The Head, Policy Development and Research introduced the item and updated the Board that MoJ had intended to comment on the draft budget ahead of the Board meeting but had not been able to owing to pressing Ministerial commitments. This did not fetter the Board's ability to approve the budget or not. The following points were raised in discussion:
   - There were no material changes to declare since the circulation of the papers.
   - The OLC ambition was for an average customer journey time of 90 days by 2024/25. As of December 2021, many customers were already experiencing a journey time of 37 days. The performance in the last quarter was helping to inform the ambitious targets in 2022/23 as productivity levels increased and new processes were implemented. Additional staff were already in place with only four candidates from 44 turning down offers of employment. Staff and managers were also better engaged in delivering improvements.
   - The Board expressed its gratitude to the OLC for listening to previous feedback and taking into account the LSB's requests.
   - The OLC should ensure that they had contingency plans in place in case the assumptions underpinning the budget were not met. This may include specific changes to working practices. This could be discussed at a future Board to Board session. (**Action**)
   - The OLC would need to use best endeavours to avoid having to approach the LSB mid-year for additional budget due to inflationary pressures. It was noted that some inflationary costs had already been absorbed within the existing budget envelope.
   - Benefits had been derived from managed recruitment nationally. Future plans included the testing of a hub approach and further investigation into outsourcing at the front end. Internal monitoring had improved to allow earlier identification of resourcing issues.
   - Attrition had been accounted for in the proposed targets. Previous attrition rates had been linked to performance management. As a relatively 'flat' organisation there were also minimal opportunities for staff promotion. The remuneration committee were monitoring retention closely.
   - Recruitment had been impressive however retention was key.
   - Less focus had been traditionally placed on priority three i.e. to apply learnings from cases to improve the sector overall. There was scope to improve this such as improving the format and accessibility of what was published. It may be of greater benefit to emphasise a smaller number of cases that could deliver more insightful learning. Specialist teams had also been formed in investigator departments to form expertise in particular categories of case, aiding feedback to the sector.
   - The OLC would begin devising its next strategy in 2022/23.

8. The Board **agreed** the OLC Budget Application for 2022/23 and a letter confirming approval and the key points raised in discussion would be sent from the LSB Chair to the OLC Chair.

Item 6 - Regulatory Performance Review

9. The Regulatory Policy Manager introduced the item and reported that the changes requested at the last meeting had been reflected and the consultation was planned to be published on the 5 April. The following points were raised in discussion:
   - The operational delivery characteristics should include undertaking proactive work when issues had been identified.
   - Consideration would be given as to whether there should be reference to the manner in which regulators responded to thematic feedback from the OLC.

10. The Board **agreed** the Regulatory Performance Review proposals and delegated approval of the final version of the policy proposals to the Chief Executive.

Item 7 - Consumer Empowerment

11. The Regulatory Policy Manager introduced the item and reported that the Competition and Markets Authority (CMA) had been briefed on the statement and were content with it. The following point was raised in discussion:
    - The Board queried whether there should be an expectation of periodic or ongoing monitoring of the effectiveness of transparency measures in place as part of a process of continual improvement.

12. The Board **agreed** the Consumer Empowerment Statement of Policy and delegated approval of the final version of the documents to the Chief Executive.

Item 8 - ARAC Update

Report of 8 March 2022 Meeting

13. The Chair of ARAC reported that at the last meeting the Committee had had a training session from the internal auditors on the RICS governance issues and climate change.
14. The Committee had met on 8 March as a finance committee to consider the draft LSB Budget 2022/23. As an ARAC, the Committee had gone on to consider the draft internal audit annual opinion (substantial assurance) and the draft external audit planning report. The Committee had discussed a deep dive into project management with the main focus of discussion being on the evaluation of projects. There was also consideration of the risk register and a horizon scanning session with a number of issues that may be elevated to the register in the coming months. The minutes of the meeting would be circulated shortly.

15. There were no incidents of fraud reported and ARAC continued to monitor this area closely.

16. The Board **noted** the report of the 8 March meeting.

Annual Report of ARAC 2021/22

17. The Board **agreed** the annual report of ARAC 2021/22.

Item 9 - RNC Update

Report of 1 February 2022 Meeting

18. The Board **noted** the update of the 1 February 2022 meeting, the minutes for which had been circulated.

Annual Report of RNC 2021/22

19. The Board **agreed** the annual report of RNC 2021/22.

Item 10 - Appointment of Senior Independent Director

20. The Chair introduced the paper, and the following points were raised in discussion:
    - The SID was expected to act as the welfare lead for Board Members.
    - The Legal Services Act did not allow for the appointment of a Deputy Chair but if the Chair was ever indisposed Catherine Brown was nominated to deputise for the Chair.
    - A recommendation on new committee chairs would be presented at the next meeting following Board Members' appraisals. (**Action**)

21. The Board **agreed** the appointment of Catharine Seddon to the role of Senior Independent Director from 18 April 2022 to 30 September 2023.

Item 11 - Finance Report to 28 February 2022

22. The Board **noted** the Finance Report.

Item 12 - Minutes of Previous Meeting – 1 March 2022

23. The Board **agreed** the minutes as drafted.

Item 13 - Board Action Tracker

24. The Board **noted** the action tracker.

Item 14 - Papers Circulated out of Committee Since the Last Meeting

25. There were no items to note.

Item 15 - Forward Look

26. The Board **noted** the agenda for the next meeting.

Item 16 – AOB

27. There were no items discussed.

Item 17 - Michael Smyth end of Board Term – reflections

28. Michael Smyth set out his reflections on his time on the Board and the positive changes and developments that had been made and the challenges the Board still had to face in the sector.

29. The Chair on behalf of the Board thanked Michael Smyth for his tenure on the Board and the significant and varied contributions he had made to the work of the LSB.

Item 18 - Wrap up and Reflections

30. Meeting face to face had helped contribute to an excellent meeting and the Board looked forward to being able to do this more often.

31. The quality of the papers had assisted the Board in dealing with the complex items on the agenda. Board members' contributions had been helpful and constructive.

Item 19 - Private Session

32. The Board held a private session led by the Senior Independent Director to evaluate the Chair's performance in 2021/22.