



Meeting: Legal Services Board, 22 January 2020

Item: Paper (20) 01 - CEO Progress Report – January 2020

Introduced by: Matthew Hill, Chief Executive

Status: Official

Introduction

This paper updates Board Members on key developments across the organisation since the 26 November 2019 Board meeting.

Recommendation

The Board is invited to **note** this report.

Annexes

Annex A: OLC Voluntary Assurance letter November 2019

Annex B: LSB letter with feedback on the OLC's budget principles paper

Annex C: Horizon scanning report

Risks and mitigations	
Financial:	N/A
Legal:	N/A
Reputational:	N/A
Resource:	N/A

Freedom of Information Act 2000 (Fol)		
Para ref	Fol exemption and summary	Expires
N/A		

CEO Progress Report – January 2020

Ministry of Justice (MoJ) matters

Appointment matters

LSB Board members

1. Recruitment is ongoing for three new Board members – two lay and one non-lay. Applications closed on 13 December. At the time of writing, the necessary agreement to close the competition was being sought from the Department so that shortlisting and interviews could continue as scheduled on 21 January 2020 and 3 / 4 March 2020, respectively. Formal agreement to extend David Eveleigh's and Marina Gibbs' terms of appointment until such a time as the new Board members are in place and able to take up position (estimated summer 2020) was also being sought.

LSCP members

2. Interviews for one new Consumer Panel member were held on 6 December 2019. A recommendation was agreed by the LSB Board by correspondence in December, and a recommendation has been made by the Chair to the Lord Chancellor.

OLC Board members

3. The OLC Chair announced her intention to stand down at the end of her first term (31 March 2020) and a recruitment exercise is underway supported by an external partner. Shortlisting for OLC Chair candidates took place on 16 January 2020 – an oral update can be provided at the meeting - with interviews scheduled for 10 February. Preparations are underway for a hearing in front of the Justice Select Committee should a suitable candidate be identified. Subject to the select committee hearing, recruitment is currently on track for a 1 April 2020 start date.

Colleague and organisation matters

Colleague update

4. The Senior Leadership Team (SLT) restructure has now been implemented as previously described.
5. Our Corporate Associate has accepted a position as acting Corporate Services Manager. Our Interim Regulatory Policy Manager has accepted a permanent position in the same role.

6. We are recruiting for a new Diary Manager. Interviews took place on 17 and 20 January 2020. We will also look to recruit a maternity cover admin assistant. We are hopeful that we may find a suitable candidate from the Diary Manager recruitment.
7. Following the appointment of an interim Head, Communications and Engagement, we have advertised internally for a Communications and Engagement Manager. Interviews are due to take place on 22 January 2020.
8. GDPR and Legal Services Act 2007 training was delivered to all colleagues as of early January. Bribery Act 2010 training took place on 14 and 16 January 2020. Copies of slides for all sessions will be made available to the Board ahead of the February 2020 Board meeting.

Governance

Office move

9. January 2020 marks the end of this project. A project closure report is being drafted and an update will be presented to the March ARAC. The report contains an assessment of the project's performance against acceptance criteria and expected project benefits as well as handover notes and a lessons learned log.

IT transformation

10. On 13 January, our telephony provider was scheduled to port LSB phone numbers to the new telephony system. Currently, all LSB phone numbers are being forwarded to the new phone numbers as a temporary solution to ensure business continuity. The port will be the permanent solution enabling us to retain existing numbers.
11. Once all data had been securely removed, our IT services provider was able to facilitate the distribution of some of our old IT equipment to a local charity. The office clearance company responsible for disposing our old office furniture at One Kemble Street was able to securely dispose of the remainder.
12. The post-project review phase has been initiated and a paper will be presented to SLT at the end of January. This is likely to incorporate proposals for expanding the use of the new capabilities to which we have access to drive further improvements in our business.

Office for Legal Complaints

13. November's voluntary assurance letter is attached at Annex A. The Board will note that closures fell significantly below target during this month. December's

performance also recorded closures below target, no reduction in the pre-assessment pool, and an increase in staff attrition. The OLC has advised that the forecasts in the current roadmap to green to March 2020 will not be met and that a revised roadmap will form part of the finalised budget application.

14. Attached at Annex B is our letter with feedback on the OLC's budget principles paper. We will finalise the budget acceptance criteria after receiving the OLC's reply, which remains outstanding.
15. A helpful senior-level meeting between MoJ, OLC and LSB colleagues was held on 8 January. Following this I have agreed with the OLC that I will attend their board meetings on a quarterly basis in future, among a range of other measures agreed between OLC, LSB and MoJ designed to allow the Board of the OLC to take appropriate ownership of the responsibility for holding LeO to account.

Solicitors Disciplinary Tribunal

16. We have been considering alternative governance mechanisms for approving the SDT's budget. The proposal, which the SDT is supportive of, is to set up a challenge panel consisting of two LSB Board Members (one lay and one non-lay and to include an ARAC member). The intention would be for the Board Members plus the LSB executive policy lead to meet the SDT President and CEO in the early October each year to discuss the written application. We should then be able to write a board paper which would include a recommendation coming with the support of the challenge panel for consideration by correspondence. Whether or not an item on the Board agenda for the October meeting is required annually would depend on whether there were any issues that the challenge panel considered the full board should discuss in person.
17. If the Board is content with this approach, we will trial it for the next budget application. Subject to a review, we would then make it a permanent part of our governance approach annually.

Regulatory developments

Horizon scanning

18. The latest report is attached at Annex C. The Board will be pleased to see impressive latest figures for both UK legal sector turnover and net exports. Note that we are now using a different series of ONS figures for net exports compared to previous reports, which we believe provide a more comprehensive picture of the sector's performance.

19. Following publication of the individual legal needs survey, the team will identify a series of new lead metrics relating to access to justice.

Legal Choices

20. I have been in further correspondence with the Bar Standards Board (BSB) on their plans for public legal education following their decision to withdraw from Legal Choices. The Board will have noted that this led to the BSB's regulatory performance assessment being downgraded. The BSB has shared an outline of its emerging public legal education strategy, which it plans to publish by the end of January. We will, of course, review the strategy once published.

Research

21. The individual legal needs research will be published on 27 January. The team has built interactive online dashboards to help bring the findings to life.
22. The prices research, which we are conducting jointly with the CMA and Ministry of Justice, is in the main fieldwork stage.
23. The team has had helpful discussions with the General Dental Council and Liz Owen (LSCP member) to learn from their experience of establishing public panels. We plan to commence a procurement exercise shortly.

PLE Update

24. Work has started to organise a stakeholder event on 24 February, to coincide with Justice Week. With thanks to Jemima, this is being hosted by Simmons and Simmons. A briefing paper examining the PLE findings of the legal needs research is being prepared.

Technology update

25. There is a separate item on the agenda. A stakeholder event will follow the board meeting on 26 March. Simmons and Simmons have kindly offered to provide a venue.

Mayson Review

26. The Legal Services Consumer Panel has published a written submission to the review following the publication of the interim report. The Panel has indicated support in principle for all legal services providers to be brought within the scope of regulation and for an extension to the Legal Ombudsman's remit. It also called for a general duty on the future regulator(s) to inform, consult and involve consumers, plus the creation of a consumer representation body independent of the regulator(s). The exact model this consumer body would take was not specified.

Statutory decisions

27. Since my last report, the LSB has approved one rule change application submitted by the BSB in respect of the supervision of immigration advisers by barristers. The LSB has also received a notification from CLC for confirmation that a proposed change of regulatory arrangements falls within the EU exit No deal exemption direction and the LSB has provided confirmation of this.
28. The significant rule change application from CILEx Regulation in relation to its education standards which was submitted on 29 October was withdrawn on 10 December given our concerns with the application. They plan to submit a revised application later this year.
29. At the time of writing, the LSB is considering a rule change application from IPReg to introduce a requirement for run-off cover. This is a significant policy change and therefore we have extended the initial decision period to 90 days.
30. There was one live PCF application being considered from the Bar Council/BSB. The proposal is to maintain the level of PCF.
31. In addition we have received a notification from the SDT for confirmation that a proposed change to their rules falls within the EU exit No deal exemption direction.

Ongoing competence update

32. The project team hosted representatives from the approved regulators and regulatory bodies for a roundtable discussion on the 9th of January. The event was delivered with input from Liz Owen from the Consumer Panel and was a good example of the greater collaboration that we are seeking with them. It was well attended and generated some interesting discussion, with all parties contributing positively. We intend to publish a note of the key points from discussion on our website.
33. This event was held in advance of publishing the call for evidence (due later this month), which is a key milestone for the project. The call for evidence will run for four months and aims to gather relevant information about competence assurance practices in the legal services and other professional sectors. This will inform our thinking about whether a new approach to assuring ongoing competence is needed. During this time, we will engage with a wide audience and the team is scheduling meetings with stakeholders for the coming months.

SQE

34. We are in the process of seeking to schedule the roundtable event with the SRA, Justice Select Committee, The Law Society and the Junior Lawyers Division that the Board agreed to in October. The Justice Committee is not yet constituted following the December General Election, which is making it difficult to find a suitable date. It is likely that this meeting will now need to take place in March.

Regulatory Performance

35. On 18 December 2019 we published our latest performance assessment report: *Regulatory performance: Performance assessment November 2019*. For the four regulatory bodies where outcomes have been assessed as *Not met - action required* (BSB, Faculty Office, ICAEW and SRA), we are expecting detailed plans on how they will quickly meet the standard required. These are due by 31 January 2020. At this meeting the Board is considering the proposed consultation for expansion of the regulatory performance framework to include the monitoring of regulatory independence as set out in the Internal governance rules.

Communications and engagement

Stakeholder perceptions research survey

36. At the Board meeting in October 2019, we outlined plans for undertaking research to understand stakeholders' perceptions about the LSB. Subsequently, we issued an Invitation to Tender, interviewed four external research companies, and identified Watermelon as our preferred partner.
37. The project will include interviewing 30 stakeholders and conducting a survey of stakeholders more widely. We will share the findings and recommendations with the Board later in the year.

Media coverage

38. At the end of last year, we launched our consultation on our business plan. The story was covered by Solicitors Journal.
39. In December, we published our second progress report on the performance of the regulatory bodies in meeting the regulatory performance framework outcomes. Legal Futures and Law Gazette ran articles about the report.
40. In December, Modern Law Magazine ran an opinion piece by the Chair which explored legal technology and outline the LSB's work in that area.

Stakeholder meetings

41. Since the last meeting, the Chair and I have met with the following stakeholders:

Date	LSB	With
28/11/19	CEO	Legal Futures Innovation Conference
29/11/19	CEO	ACCA
2/12/19	Chair	Judicial Diversity Forum
3/12/19	CEO	OLC
3/12/19	CEO	Legal Futures
4/12/19	CEO	BSB
4/12/19	CEO	SDT
5/12/19	CEO	BSB
6/12/19	CEO	Lending Standards Board
10/12/19	CEO	ICAEW
11/12/19	CEO	Pulse Law
11/12/19	CEO	OLC Board Member
16/12/19	CEO	Lawtech Regulation Taskforce
16/12/19	CEO	US Association of Professional & Regulatory Lawyers
17/12/19	CEO	Association of Personal Injury Lawyer
18/12/19	CEO	SRA
08/01/20	CEO	MOJ/OLC
09/01/20	CEO & Chair	Lord Chancellor
13/01/20	CEO	South West London Law Centre
14/01/20	CEO & Chair	MOJ Director of Judicial and Legal Services Policy
14/01/20	CEO & Chair	TLS
16/01/20	CEO	Rocket Lawyer
16/01/20	CEO	Partnership in Clinical Legal Education
16/01/20	CEO & Chair	TLS Scotland
17/01/20	CEO	CLC
17/01/20	CEO	Faculty Office
20/01/20	CEO	INCE Group
20/01/20	CEO	Lawyer on Demand
20/01/20	CEO	Elevate
21/01/20	CEO & Chair	Bar Council
21/01/20	CEO	OLC