



**Meeting:** Legal Services Board, 21 September 2021

**Item:** Paper (21) 45 - CEO Progress Report – September 2021

**Introduced by:** Matthew Hill, Chief Executive

**Status:** Official

### Introduction

This paper updates Board Members on key developments across the organisation since the 20 July 2021 Board meeting.

### Recommendation

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

### Annexes

Annex A – News round up

Annex B – Letter to CEO of Competition Markets Authority regarding the review of the legal services market study in England and Wales

Risks and mitigations	
<b>Financial:</b>	N/A
<b>Legal:</b>	N/A
<b>Comms and engagement:</b>	N/A
<b>Resource:</b>	N/A
<b>Equality and diversity:</b>	N/A

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

## CEO Progress Report – September 2021

### **Ministry of Justice (MoJ) matters**

#### *Appointment matters*

#### LSB Board members

1. We hosted a webinar on Tuesday 17 August 2021, as part of the MoJ's campaign to recruit a new non-lay member of our Board. 25 people attended to hear more about the work we do and what was sought for this role. The event covered the role of the LSB, the recruitment process, requirements for applications, advice for CVs and practical information on the process. As part of the event, the Chair interviewed Board member Flora Page about applying to join the LSB Board and her experience of the role.
2. We published a video of the event on the website, which may also be of interest to people considering applying for other future positions on the LSB Board or on the Boards of the organisations we have responsibility for (the Office for Legal Complaints and the Legal Services Consumer Panel). We have also published a list of questions and answers raised during the session on the website. We have received positive feedback on the event, and we will evaluate it as part of the review of the whole campaign when it is complete.
3. The closing date for applications for the non-lay role was 7 September. The sift meeting will take place on 27 September and interviews are scheduled for 2 November.

#### Office for Legal Complaints

4. Three new members of the OLC Board took up post on 1 August 2021 – Martin Spencer, Alison Sansome and Dale Simon CBE.

#### Legal Services Consumer Panel

5. An oral update will be provided at the meeting on the latest position with regard to LSCP recruitment.

### **Colleague and organisation matters**

#### Staffing

6. As provided for in the business plan, a new colleague joined the Research team in early September on a six-month contract to work on the mapping the unregulated market project. We will also be welcoming a new Regulatory Policy Manager to the team on 13 September, funded by savings in other areas of the business, and a replacement Admin Assistant on 20 September.

## **Governance**

### **Office for Legal Complaints**

7. As the first step in the annual budget application process, draft acceptance criteria were issued to the OLC in August. The Board is due to consider the OLC's draft budget application at its November meeting and a challenge panel has been convened in October to provide initial feedback to OLC.
8. On 24 September a three-way meeting between Ministry of Justice, OLC and LSB is scheduled to take place to discuss alternative redress structures to the Legal Ombudsman in the event that a future conclusion may be drawn that the current arrangements are not capable of being operated to satisfactory standards. As outlined in the sector-wide strategy, our hope remains that under its much-strengthened leadership the Legal Ombudsman's performance will recover on a sustainable basis, but it is prudent to consider alternatives on a parallel planning basis.

### **Solicitors Disciplinary Tribunal (SDT)**

9. We have received the SDT's annual budget application. A meeting of the Board member challenge panel is scheduled on 6 October to consider this further. The full Board will be asked to approve a budget at its 26 October meeting.

## **Legal**

### *Clarke judicial review update*

10. As the Board is aware from previous updates on this case (where the Court found in favour of the LSB and awarded costs) the claimant appealed the costs order and we submitted a response in March 2021. The most recent update from the court administrative support office (7 September) is that the matter is in hand, but they were unable to provide a timeframe for when the decision would be made.

## **Regulatory developments**

### **News round-up**

11. The news round-up is attached at **Annex A**.

## Strategy and business plan

12. Business planning for 2022/23 has started in earnest with this morning's Board strategy session being the first key milestone in that process.

## Research

13. We have completed the fieldwork stage of the small business research achieving the full sample of 10,000 respondents. Analysis and report writing will take place in-house. There is a briefing session for the Board scheduled on 4 November.

14. Budget has been allocated for research with the Public Panel on financial protection arrangements (professional indemnity insurance and compensation funds). This will help us to understand the policy drivers that might inform a range of indemnity and compensation fund arrangements.

15. The team has discussed approaches to research projects in the business plan that involve the Public Panel, namely on the social acceptability of developments in technology and case studies on consumer vulnerability.

16. Joint research with Lawtech UK to better understand the experience of SMEs in using lawtech is expected to be published in September.

17. The mapping of the unregulated sector is ongoing. The main will-writing trade associations have agreed to support surveys of their members and we are negotiating access to potential sources of case studies with a range of agencies.

## Statutory decisions

18. Since my last update, the LSB has issued five decision notices:

- a. one relating to IPReg setting a sunset clause for historic exemptions relating to its education and training requirements
- b. two concerning ICAEW, one in relation to amendments to its Disciplinary Committee Regulations and another being the first of the applications we are expecting to see in relation to cyber security and minimum terms and conditions for professional indemnity insurance
- c. one for the SRA's setting of its annual compensation fund contributions
- d. one for CRL's plans for an interim compensation fund to provide consumer protection following the decision of its insurer to withdraw from the market.

19. The LSB also issued the first of its PCF decisions for this business year in accordance with the new Rules and Guidance published in January 2021. This was in relation to the TLS/SRA application for the approval of a reduction in

individual PCF from £278 to £266 for the coming year with no change to the fee charged to firms.

20. The LSB has also issued two exemption directions, covering:
- a. amendments to the SRA's regulations to extend the Solicitor's Indemnity Fund by a further year
  - b. a minor amendment to the SRA's Practice Fee Determinations to remove some references that were relevant to EU exit last year.
21. At the time of writing the LSB is currently considering two annual PCF applications from the Faculty Office and the CLC. In addition we are considering two rule change applications, one from CRL relating to a route to regulation for ACCA probate practitioners and firms and another from CLC in relation to cyber security and its minimum terms and conditions for professional indemnity insurance.

## Regulatory Performance

### *Well-led reviews*

22. The FO review is due to be published by the end of September. We have taken account of FO's comments on our interim report and produced a revised version which we intend to publish alongside the FO's action plan. We have commented on the FO's initial draft action plan and it has until 17 September to submit its revised version.

### *Regulatory performance review*

23. The PID for this project was approved in July. As part of our initial work on this project, relationship managers have been asked for their views on how well the current framework works and how it might be improved. The team is now analysing the relationship managers' responses.

### *Regulatory performance updates*

24. We are continuing to review ICAEW's most recent update on its performance.
25. We are also starting internal work for our annual performance assessment of the regulatory bodies and will be writing to them at the end of September with our requests for information about not-met outcomes and any met outcomes where we have questions or concerns.

## Ongoing competence

26. On Wednesday 13 October we have scheduled a discussion event to support our policy development. There will be two separate sessions spread across the afternoon, one on competence frameworks and the other on tools to monitor and respond to concerns about competence. We have invited a range of stakeholders to attend the event, including regulators, representatives from the professions, academics, regulators from other sectors and consumer groups.

## Policy statement on "consumer empowerment"

27. Following our discussion in July on the draft statement, we have reframed the language from 'consumer engagement' to 'empowerment' to better reflect the specific aims of the project, which are to strengthen consumer understanding and knowledge of the legal services market.

28. We are due to publish a consultation on our draft statement of policy on empowering consumers on Wednesday 15 September. The consultation will be open for 12 weeks. We shared an earlier draft of the statement with key stakeholders over the summer and received useful feedback from the SRA, BSB, LSCP and CMA.

29. We have written to the CMA to respond formally to the recommendations set for the LSB in its 2020 review of the market study. The letter is attached at Annex B. We continue to hold regular meetings with the CMA to share updates and insight in this area.

30. The third meeting of the Market Transparency Co-ordination and Oversight Group will be held on Friday 8 October, where we will discuss the single digital register and public legal education.

## Technology

31. We are supporting the second phase of the LawtechUK Sandbox for 2021/2022, which recently closed for applications. Our involvement will largely be through the Regulatory Response Unit (RRU), which includes regulatory bodies, ICO and the FCA. The next meeting is scheduled for September, where we will discuss outputs for the year, including joint regulator guidance and how we can act as a forum for innovators on cross-regulator issues.

32. We have begun scoping public panel research on social acceptability, and we are actively exploring opportunities to collaborate on this research with other organisations.

## Diversity and inclusion

33. We have engaged the Bridge Group to support the development of evaluation frameworks amongst members of the Judicial Diversity Forum (JDF). The Bridge Group will collect each JDF partner's views and experiences on the outcomes and impact of diversity and inclusion interventions and initiatives. These views and experiences will be used to inform a proposed high-level framework on the design and evaluation of interventions and initiatives.
34. We are investigating options for how we can best foster better collaboration across the sector on EDI work, including taking a more substantive role on the Regulator's Forum Equality, Diversity and Inclusion group.
35. We continue to work with the regulators and tribunals on a draft statement on Diversity, Inclusion and Disciplinary Sanctions. We took informal soundings on a draft statement over the summer with a view to circulating a formal draft shortly.

## External events

36. The second online out-of-London Board engagement event of the year is planned for 20 September, with a focus on how technology and innovation can transform legal services. The event is targeted at those West Midlands, which is leading the way in legal technology. Following the event, we will publish a discussion note and promote through our website and newsletter.

## **Meeting schedule (20 July – 21 September)**

37. Since the last Board meeting there have been 11 external senior meetings:

20-Jul	Lord Shinkwin	Chair and Chief Executive
21-Jul	360 Law Group	Chief Executive
22-Jul	Legal Ombudsman	Chief Executive
23-Jul	Solicitors Regulation Authority	Chief Executive
26-Jul	Market Transparency Co-ordination and Oversight Group (MTCOG)	Chief Executive
10-Aug	Legal Ombudsman	Chief Executive
12-Aug	Bar Standards Board	Chief Executive
12-Aug	Ministry of Justice	Chief Executive
9 Sep	Ministry of Justice	Chief Executive
14 Sep	CILEx Regulation	Chief Executive