



Meeting: Legal Services Board
Date: 29 November 2022
Item: Paper (22) 59
Title: CEO's Progress Report
Author: Matthew Hill, Chief Executive
Status: Official

Introduction: Purpose of the paper/ Issue

1. This paper updates Board Members on key developments across the organisation since the 18 October 2022 Board meeting.

Recommendation

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

Appointment matters

LSB Board

3. Interviews for the Chair role have been conducted by MoJ and a submission is with the Lord Chancellor. It is expected that a public announcement will be made in January 2023.
4. Short listing for lay and non-lay Board vacancies has taken place with interviews expected to take place in late December and January. There is some risk in the timetable, and fortnightly meetings with the MoJ public appointments team continue to take place to maintain a focus on the timetable.

Office for Legal Complaints (OLC)

5. Shortlisting for the recruitment of two new OLC members, one lay and one non-lay, has been completed with interviews scheduled for the 1 and 2 December.

Colleague and organisational matters

Staffing

6. MoJ has now confirmed that Ministers have agreed the LSB's case for a 2% pay award, following submission of our pay remit in June 2022, and salary

changes as well as back-dated pay for eligible colleagues is being processed for the November payroll.

7. On 7 November, we welcomed a new colleague to the team who will be providing maternity cover for the role of Regulatory Policy Manager (Curating the Strategy). We have also completed recruitment for maternity cover for the role of Corporate Support Officer, with the new colleague expected to join in January 2023.
8. We completed our biennial diversity survey in November 2022 with a 100% response rate. High level results were shared at a Colleague Forum meeting on 17 November, and the full report will be shared with Board members shortly. An action plan will be developed following focus groups taking place in December.

Governance

Board External Evaluation

9. The Board external evaluation has concluded with the final report to be discussed elsewhere on the agenda.

Office for Legal Complaints

10. The latest Voluntary Assurance letter can be found at Annex A. The consultation on the 2023/24 OLC Budget and Business Plan for the Legal Ombudsman opened on 2 November and will run until 14 December. LSB will be considering the consultation, along with the draft budget acceptance criteria and a submission from OLC as to how it meets these criteria, at this meeting of the Board.

SDT

11. The SDT submitted its revised budget application to the LSB on 20 October. The Board's approved the budget on an extra ordinary board meeting on 14 November. The board paper and the letter setting out the decision have both been published on our website.

Regulatory Developments

News Round Up

12. The news round-up is attached at Annex B.

Research

13. Fieldwork continues for the counter-inclusive practices research (showcased at the Reshaping Legal Services Conference in October). Recruitment challenges have slowed this project but we have secured 20 in depth interviews from lawyers with a mix of characteristics. While we have enough for analysis, we are seeking further participants.

14. For the Professional Indemnity (PI) Insurance research with the SRA, insurers have been hesitant to share data. They cite concerns with capacity to extract and share it, GDPR and the risk of skewing the analysis without data from those who have exited the PI market. Following a meeting between me and a number of insurers and brokers, we have invited them to consider by December what data they can share. Even without insurers' data, the SRA holds data for analysis of the PI market for solicitors' firms. However, we remain keen to consider as much evidence as possible. We are also inviting insurers to participate in the qualitative element through interviews to share their insights.
15. We have started analysis on the use of technology and innovation survey of legal services providers. We are also starting a Public Panel project to design proposals for realistic changes that could improve the handling of complaints and redress in legal services. The project will include a collaborative workshop of Public Panel members and representatives from LeO the Legal Services Consumer Panel and others. We have also started outline planning for the Individual Legal Needs Survey which is scheduled for 2023/24, subject to the Business plan approval.

Statutory Decisions

16. Since my last update the LSB has approved four Practising Fee applications (the CLSB, IPReg, ICAEW and the CLC). The LSB also approved the CLC's compensation fund contributions for the coming year.
17. November has proven to be a busy month for the team. At the time of writing the LSB is currently considering:
 - a. a Practising Fee application from CILEX and CRL.
 - b. two requests for exemption from CRL in relation to:
 - i. the level of its compensation fund contributions for the coming year and;
 - ii. amendments relating to the mutual recognition of professional qualifications.
 - c. four applications to alter regulatory arrangements from:
 - i. CRL in relation to qualifying employment
 - ii. CRL in relation to remote disciplinary hearings
 - iii. CLSB in relation to its Disciplinary Rules and Procedures
 - iv. IPReg in relation to a new Core Regulatory Framework

Empowering Consumers

18. The next Market Transparency Co-ordination and Oversight Group meeting will be held on 2 December. We will share with the regulators our analysis of their progress since the publication of the policy statement, drawing on their gap analysis submissions, responses on regulatory performance and stakeholder engagement over the summer.
19. We have responded to the LSCP's report on standardisation, which includes recommendations for the LSB (see Annex C). An item on this report and the LSCP's work on contextualisation will be included at the MTCOG meeting.

Ongoing Competence

20. Regulators are expected to provide submissions to us by the end of January, setting out their progress towards meeting the expectations and outcomes in the ongoing competence policy statement, and an action plan for delivery by January 2024. Earlier this month, we wrote to regulators clarifying the expected content and format of those submissions.

Regulatory Performance

Regulatory Performance Review

21. Following the Board's approval of the review's response to consultation document and accompanying materials at its 18 October meeting, the final version of the response document along with the new framework's sourcebook and process document and an accompanying press release were published on 28 October.
22. The new framework comes into effect on 1 January 2023. The team will shortly begin engaging with regulatory bodies and others to ensure the transition to the new framework is as smooth as possible.

Regulatory Performance Update

23. We have received responses from all regulatory bodies to our annual performance information requests. Relationship managers are preparing draft assessments for moderation and approval. Work on drafting the overall report has begun.
24. Our annual performance assessment report is scheduled to be published in the week of 12 December.

Technology

25. We did not receive any tenders for the 'Proof of Concept' study, which seeks to explore the range of options for a service, or tool, that will enable consumers to easily access regulatory information on legal services providers. This study is an important component of our work in taking forward the Competition and Markets Authority (CMA) recommendation on the development of a 'single digital register'. We are undertaking some market analysis and with a view to re-tendering for this study in early 2023.

26. Following a discussion at SLT in mid-October, work is underway to progress the drafting of new statutory guidance for regulators on the promotion of the use technology to improve access to legal services. An update to Board will follow in January 2023.
27. We continue to collaborate with initiatives to foster and promote the use of technology in the sector. We attended a meeting of the Regulatory Response Unit (RRU) on 27 October, and we will provide input into the forthcoming Lawtech/RRU joint statement on Artificial Intelligence (AI) due to be published in December. We also continue to engage with the Office of Artificial Intelligence, a joint BEIS-DCMS unit responsible for AI policy, as they progress their thinking on the cross-sector regulation of AI.

Diversity and Inclusion

28. At the November JDF meeting, Helen presented an update from the JDFO Working Group (which the LSB chairs) proposing a draft plan for JDF actions and priorities in 2023/23. The paper grouped partners' EDI initiatives to identify the strengths and gaps in our collective approach and set out specific and measurable outcomes using the Theory of Change model. The JDF aims to publish a finalised action plan by the end of the year.
29. The Bridge Group's report for the JDF on strengthening the evaluation of JDF partners' diversity initiatives is expected to be published in late November, including recommendations for a design and evaluation framework. We are scoping a further workshop on evaluation for the JDF next year to take forward and build on these findings.
30. Fieldwork continues for our research on the barriers to getting in and getting on as a legal professional. We aim to speak with 30 professionals but have faced challenges booking interviews following the initial expressions of interest in the project. Further outreach and a personal message from the CEO has accelerated recruitment to 20 participants to date and we have an initial analysis session to identify key findings in late November.

Sanctions update

31. The next Sanctions roundtable will take place on 24 November, when we will discuss with regulators the implications of the recent significant changes to the Sanctions regime: the introduction of the new general licence for payment of legal fees which permits UK law firms or UK counsel who have provided legal advice to a designated person (or entity) to receive payment (subject to a cap) from that person without the need to apply for a specific licence. MoJ will also attend to advise on the Government's announcement on 30 September that it would ban the provision of transactional legal services for certain commercial and transactional services to hamper Russia's businesses' ability to operate internationally. We will also seek an update from regulators on the work they have been undertaking in the interim.

Economic Crime and Corporate Transparency Bill

32. The Board approved a response to the Public Bill Committee considering the Economic Crime and Corporate Transparency Bill (see **Annex D**). The response outlined the LSB's support for a new regulatory objective on the legal profession's involvement in economic crime. It also set out that, once the Bill has been passed, there would be a role for the LSB to use its powers to assist with interpretation and implementation of the new regulatory objective, which would involve consultation and engagement with some of the issues being raised, such as those around scope.

Curating the Strategys

33. We continue to receive regular contributions from regulators as well as other stakeholders, such as consumer support groups, membership organisations and legal charities to the Reshaping Legal Services microsite platform.
34. We will shortly finalise and publish the first episode of the Reshaping Legal Services podcast series. We have recorded clips with stakeholders for two episodes, focussing on dismantling barriers to a diverse and inclusive profession and achieving fairer outcomes for consumers.
35. To mark six months since we launched the microsite, we will also shortly publish a three-part blog series sharing reflections on some of the progress we have seen across the sector and some insights on how the LSB is building on this progress through our own work. We will also set out how we think the sector can collectively build further on its work to address some of the challenges in the sector over the coming year. The first part of the three-part blog series will cover the key theme of fairer outcomes, the second will cover stronger confidence and the third part will cover better services.

Legal

36. The previous CEO report to the Board highlighted that the LSB had received a claim on 7 October 2022 for the amount of £70. Papers in response have now been filed and the matter is progressing through the courts.

Communications and Engagement

External events

37. The Director, Policy & Regulation attended the International Conference of Legal Regulators in Chicago (26 – 28 October) and participated in a panel session entitled: 'Who, What, Why, When, How: What Should the Regulatory Paradigm for the 21st Century Look Like?' The international panel discussed the scope and approach to regulation in different jurisdictions and the implications for providers of legal services, regulators and consumers. The Director spoke on the scope of regulation and how the Legal Services Act shapes our regulatory framework in England and Wales.
38. On 2 November, Matthew spoke at the SLC Annual Conference 2022 and updated delegates on our progress in delivering the Reshaping Legal Services agenda.

39. On 10 November, Matthew took part in a virtual panel event organised by The Access Group and discussed professional ethics and the role of regulation.

40. Matthew also participated in a series of discussions organised by the Sole Practitioners Group (SPG) on 11 November and updated SPG members on our work.

Meeting Schedule (18 October – 28 November 2022)

41. Since the last Board meeting there have been 14 external senior meetings up to and including 28 November (table below updated on 15 November 2022):

19-Oct	SRA	Chief Executive
21-Oct	LawCare	Chief Executive
31-Oct	BSB	Chair and Chief Executive
31-Oct	Simon Thornton-Wood	Chief Executive
1-Nov	CIPA	Chief Executive
3-Nov	Attorney General's Office / Government Legal Department	Chief Executive
10-Nov	The Law Society	Chief Executive
15-Nov	Judicial Diversity Forum	Chair and Chief Executive
15-Nov	CITMA	Chair and Chief Executive
17-Nov	CLC	Chair and Chief Executive
17-Nov	BSB	Board
22-Nov	SRA	Chair and Chief Executive
22-Nov	ACL	Chair and Chief Executive
23-Nov	Iain Miller (Kingsley Napley) re LSB ongoing work on Ethics/Rule of Law	Chief Executive

Risks and mitigations	
Financial:	n/a
Legal:	n/a
Communications and engagement:	n/a
Equality and diversity:	n/a
Resource:	n/a

Annexes

Annex A – OLC Voluntary Assurance Letter

Annex B – News Round Up

Annex C – LSCP Standardisation

Annex D – LSB written evidence to Economic Crime and Corporate Transparency Bill

Freedom of Information Act 2000 (Fol)		
Para ref	Fol exemption and summary	Expires
n/a	n/a	n/a