



Meeting: Legal Services Board
Date: 24 January 2023
Item: Paper (23) 01
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 29 November 2022 Board meeting.

Recommendation

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

Appointment matters

LSB Board

3. The appointment of the new LSB Chair is awaiting statutory approval and the latest indication is that the process will not be complete before February.
4. Interviews for the two lay vacancies were held on the 16 January. The planned interviews for the non-lay vacancies on the 17 January have been rescheduled for reasons of panel member availability. We expect the interviews to be concluded before the end of February.

Office for Legal Complaints (OLC)

5. The appointment process for two new OLC appointees has concluded, and a notice will be issued shortly.

Colleague and organisational matters

6. Recruitment is underway for the Director, Policy and Regulation. Gatenby Sanderson are assisting with the process following a competitive tender. The closing date for applications is 7 February at 5pm and interviews are expected to be at the end of February.

7. On 3 January, we welcomed a new colleague to the team who will be providing maternity cover for the role of Corporate Support Officer.

Governance

Board External Evaluation

8. The external Board Evaluation report will be published on the LSB website and circulated to the regulators for their information soon. The Executive are drafting an action plan following the report for presentation to the Board.

Office for Legal Complaints

9. The latest Voluntary Assurance letter, dated 9 January 2023, can be found at Annex A. It suggests that LeO will not make up the variance in performance against business plan targets previously identified by the end of the financial year. The OLC says it will consider a detailed review of forecasting from the Legal Ombudsman (LeO) Executive and a subset of Board members at its January meeting to identify and agree improvements that need to be made.
10. The consultation on LeO's draft 2023/24 Budget and Business Plan has now closed. Board will receive the final budget application for approval in March 2023. We are also expecting further and full details from the OLC about its plans for monitoring and evaluation of the changes to the Scheme Rules, due to come into effect in April 2023, in February.

SDT

11. The SDT CEO and Clerk, Geraldine Newbold, resigned in December 2022. Ray Dhanowa has taken on the role of Interim Clerk with immediate effect while the SDT seeks a permanent replacement. I am due to meet Mr Dhanowa this month. We are also expecting an update from the SDT on its strategic aims and how these will be delivered.

Regulatory Developments

News Round Up

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

Research

13. The key findings from the use of technology and innovation survey will be presented at this meeting and the full report published soon, along with a dashboard and other outputs.
14. Our consumer redress work is underway with the LSB Public Panel, which is aiming to identify improvements to the current complaints system. A collaborative workshop will be held in February where members of the

public will work with industry participants to understand what could work better for consumers.

15. On the financial protection arrangements research, econometric analysis is due to start into professional indemnity insurance data from insurers.

Statutory Decisions

16. Since my last update the LSB has approved one Practising Fee application from CILEX and CRL.

17. The LSB has approved two applications for changes to regulatory arrangements. The first is an application from CLSB in relation to its Disciplinary Rules and Procedures. The second is an application from CRL in relation to remote disciplinary hearings.

18. The LSB has also granted two requests for exemptions to 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.

19. At the time of writing the LSB is currently considering four applications to alter regulatory arrangements from:

- i. CRL in relation to qualifying employment
- ii. IPReg in relation to a new Core Regulatory Framework
- iii. SRA in relation to Keeping of the Roll
- iv. CLSB in relation to its training rules

Empowering Consumers

20. We held a meeting of the Market Transparency Co-ordination and Oversight Group on 3 December. We discussed regulators' progress in meeting the policy statement on empowering consumers and the LSCP's recent papers on contextualisation and standardisation that improves information for consumers.

21. We responded to the LSCP's paper on contextualisation (see Annex C) and will facilitate discussions with regulators in other sectors to better understand this area.

Ongoing Competence

22. We have met with several of the regulators recently to discuss their plans to meet the expectations in the new statement of policy. Regulators are

due to submit progress reports and action plans to us by the end of January. We will set out our assessment of these submissions to Board at a future meeting. We will then publish our assessment and the submissions, and provide feedback to the regulators.

Regulatory Performance

Regulatory Performance Review

- 23. The new framework came into effect on 1 January 2023, and we have updated our website to reflect this.
- 24. Following publication of our 2022 regulatory performance report, we will engage with regulatory bodies to address any further questions they may have about how our new framework will operate.

Regulatory Performance Update

- 25. In order to address regulatory bodies' responses to our fact-check requests we delayed the publication of our 2022 regulatory performance report until 12 January 2023.
- 26. We published our report on 12 January 2023. A separate discussion of the report's findings and next steps is on the agenda for this meeting.

Bar Standards Board

- 27. Following the Board to Board on 17 November 2022 to discuss the BSB's performance, there was an exchange of correspondence between the LSB Chair and new BSB Chair. At the request of the new BSB Chair, in its letter of 29 November, the LSB collated a summary of concerns on a range of issues where there had previously been extensive communication between the LSB and BSB over the last year. In this correspondence the LSB expressed its desire for the BSB to demonstrate that it has recognised the seriousness of the challenge it faces, is committed to fundamental reform and will move at pace and vigour to devise plan and execute a credible programme of change that satisfies the LSB's expectations and rebuilds confidence with the public and stakeholders. The LSB requested that the BSB submit a consolidated plan setting out its priorities for addressing the identified risks by 31 January 2023 (see Annex D).

Technology

- 28. We received and responded to a letter from Paul Scully MP, Parliamentary Under-Secretary of State (Minister for Tech and the Digital Economy) for the DCMS and George Freeman MP, Minister of State (Minister for Science, Research and Innovation) for BEIS regarding the development of a regulatory framework for Artificial Intelligence (AI) in the UK and how the LSB can work with the Office for AI as it takes forward its proposals (see Annex E). The Office for the AI has since requested a meeting to further discuss how we can best support its work.

29. We continue to collaborate with initiatives to foster and promote the use of technology in the sector. In particular, we continue to support and provide input into the forthcoming Lawtech/RRU joint statement on Artificial Intelligence (AI) and we have recently provided feedback on a draft discussion paper circulated by LawtechUK as part of this work.
30. Subject to Board approval elsewhere on the agenda, we are putting in hand 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.

Diversity and Inclusion

31. In late November we published the Bridge Group's report for the Judicial Diversity Form on strengthening the evaluation of JDF partners' diversity initiatives. The Bridge Group proposed nine flexible goals for the JDF to monitor and evaluate progress against, such as: 'At each level of the judiciary, the judiciary better reflects the society it serves'.
32. The Bridge Group also recommended reconfiguring the JDF's Action Plan to group initiatives by aim rather than by responsible organisation. A revised action plan for 2023 was published before Christmas, including an update on progress against the 2022 action plan. The revised plan uses a Theory of Change methodology to evaluate the impact of JDF partners' initiatives under four shared priority themes.
33. We have completed 29 interviews for our qualitative study on barriers to getting in and getting on in the legal profession. Our agency, Solutions Research, expect to send a working draft research report to us by the end of January.

Sanctions update

34. At the Sanctions roundtable in November, OFSI's provided an explanation of the new legal fees general licence. We also discussed the implications for regulators' activities and MoJ provided an update on policy development in relation to the Government announcement September, that there will be a ban on the provision of certain professional services, including "transactional legal advisory services" as part of the ongoing response to Russia's war in Ukraine. Following the roundtable, during which some of the regulators re-iterated their request for improved information sharing, the LSB convened a meeting between OFSI, MoJ, OPBAS and some of the other regulators on 11 January 2023 to discuss arrangements for improving information sharing activities between them.

Curating the Strategy

35. We continue to receive contributions from regulators as well as other stakeholders, such as students, consumer support groups, membership

organisations and legal charities to the [Reshaping Legal Services¹ microsite](https://reshapinglegalservices.org.uk/) platform. We will shortly publish a podcast series, with the first two episodes focused on dismantling barriers to a diverse and inclusive profession and achieving fairer outcomes for consumers. A third episode with Helen as outgoing Chair reflecting on progress against the strategy will be developed soon.

36. In addition, recent LSB content on the platform includes reflections on progress against the strategy to-date, student reflections on improving diversity outcomes through lived experience data and a blog on our work on rule of law and professional ethics.

Legal

37. *R (Andrew Clarke) v Legal Services Board*: In a decision dated 23 November 2022 the Court of Appeal dismissed Mr Clarke's application for permission to appeal a costs order against him (arising out of his unsuccessful application for permission to bring a judicial review claim) and confirmed costs awarded to the LSB. We received full payment of £4,957 into our bank account on 11 January 2023.

Communications and Engagement

LSB events

38. We held an online consultation event on our draft business plan on 18 January 2023. Representatives from regulators, representative bodies, legal services providers, advice agencies and UK and Welsh Government attended to hear more about our plans and to share their feedback and ideas.
39. We propose holding our Board meeting on 12 September in Wales, with a lunchtime reception in the Senedd on 13 September. We have secured the Counsel General and Minister for the Constitution as a speaker. Political neutrality will be front of mind when identifying a potential sponsor for the booking.
40. We will arrange a further 'out of London' engagement event in the East Midlands in June. We will look to partner with a local law society to hold a 'meet the board' style event, as well as exploring options for additional engagement activity in the area. This will be open to interested Board members, but we do not expect the whole Board to attend.

External events

41. Board Member Flora Page attended the Inaugural Address of the Chair of the Bar for 2023 on 10 January 2023.

¹ <https://reshapinglegalservices.org.uk/>

42. Meeting Schedule (29 November 2022 – 23 January 2023)

2-Dec	MTCOG	Chief Executive
6-Dec	Law360	Chair
7-Dec	Legal Ombudsman	Chair
8-Dec	Council of the Inns of Court	Chair and Chief Executive
9-Dec	SRA	Chief Executive
13-Dec	The Law Society	Chair and Chief Executive
14-Dec	The Bar Council	Chief Executive
14-Dec	LeO	Chief Executive
9-Jan	CILEx Regulation	Chief Executive
10-Jan	Ministry of Justice	Chair
16-Jan	DSN / Legally Disabled?	Chief Executive
17-Jan	CILEx Regulation	Chair and Chief Executive
18-Jan	APPG – Anti Corruption and responsible taxation	Chief Executive
23-Jan	SRA	Chief Executive
23-Jan	Ministry of Justice	Chief Executive
23-Jan	Ministry of Justice (LSB 'Teach-In')	Chief Executive and LSB colleagues

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

Annexes

Annex A – Voluntary Assurance Letter

Annex B – News Round Up

Annex C – LSB Response to Contextualisation

Annex D – BSB Correspondence

Annex E – Artificial Intelligence regulation correspondences

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