

Meeting: Legal Services Board

Date: 18 July 2023

Item: Paper (23) 40

Title: CEO's Progress Report

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Status: Official

Introduction: Purpose of the paper/ Issue

1. This paper updates Board Members on key developments across the organisation since the 06 June 2023 Board meeting.

Recommendation

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

Appointment matters

LSB Board

3. Clare Brown (non-lay) and Kate Briscoe (lay) joined the Board on 1 June and are progressing with their induction programme. Lizzie Peers will be joining on 1 October 2023.
4. An independent lay advisor to ARAC, Marta Phillips OBE CA, has been appointed effective from the 1 October 2023.
5. The LSB's application to take part in the next Board Apprentice Scheme was submitted ahead of the 30 June deadline and a response is awaited.

Office for Legal Complaints (OLC) and Legal Services Consumer Panel (LSCP)

6. The recruitment campaigns for two LSCP members and the LSCP Chair have been launched.¹ Shortlisting will take place in August with interviews in September.

¹ <https://www.inclusiveboards.co.uk/opportunity/16843187529960037121okv/> and <https://www.inclusiveboards.co.uk/opportunity/16843204230860037121ulj/>

7. The advert for the OLC member recruitment is being drafted and the campaign is set to launch in mid-July.

Colleague and organisational matters

8. Recruitment is currently live for a Regulatory Policy Associate, following a recent internal promotion.
9. The Cabinet Office recently communicated to civil servants the intention to make a one-off, non-consolidated payment of £1,500 to all non-Senior Civil Servant (SCS) staff as part of the pay negotiations this year. Since the announcement, we have been working hard with the MoJ to establish if the payment could be extended to arm's length bodies. We have now had confirmation that the payment can be made, and we will be making the payment to all eligible colleagues in the July payroll, having confirmed that we can meet the cost from within our pay budget.
10. Our central pay remit for 2023 remains subject to MoJ approval – we will be making a case for a 4.5% increase, with the aim of an additional 0.5% for the lowest paid colleagues.

Governance

Office for Legal Complaints

11. The latest Voluntary Assurance letter, dated 27 June, can be found at Annex A. The letter provides an outline of the OLC's work to date on its forthcoming strategy. This will be discussed further at the forthcoming Board to Board meeting between LSB and OLC on 24 July.

Solicitors Disciplinary Tribunal

12. The SDT has appointed Deborah Baljit as its new Chief Clerk/CEO starting on 3 July. A letter of congratulations is being sent.
13. We have received the SDT's performance report for 2022. This is published at Annex B, with a covering note that we have prepared for the Board summarising key points. This is the first time that the annual SDT performance report has been published and it provides more narrative setting out the SDT's strategic direction of travel. We welcome this increased level of transparency from the SDT.
14. The SDT sent its preliminary budget estimate for 2024 to the Law Society on 12 June. We have received a copy. The preliminary estimates suggest that the SDT expects to have substantial costs savings from new accommodation going forward. We are expecting the SDT's final budget for 2024 in September. This budget will come to the LSB board for approval in October.

Regulatory Developments

News Round Up

15. The news round-up is attached at Annex C.

Research

16. We have issued an invitation to tender for data collection and summary analysis for the latest wave of the individual legal needs survey. The deadline for proposals is in August, with fieldwork expected to commence in September.
17. We have a preferred supplier to conduct a rapid literature review, subject to contractual negotiations, in support of our work on professional ethics and the rule of law; more detail on the scope of this work is included at paragraph 22.

Statutory Decisions

18. Since my last update, the LSB has approved two applications from the SRA. The first application was in relation to its financial penalties processes and the second application was in relation to its Police Station Representatives Accreditation Scheme (PSRAS).

Empowering Consumers

19. We will host a meeting of the Market Transparency Co-ordination and Oversight Group with the regulators and LSCP on 26 July. We will review regulators' progress on empowering consumers, and confirm our expectations on timing for implementing the policy statement. We have also requested updated assurance on this via the regulatory performance assessment information requests.

Access to justice

20. We wrote to Minister Freer on 28 June following previous engagement on the small business legal needs survey and calls for a legal support strategy for small businesses (see Annex D). Having met with a range of small business stakeholders, we shared evidence of the challenges faced by small businesses in accessing legal services and actions that would have the most impact on unmet legal need.

Professional Ethics and Rule of Law

21. We have now received queries or submissions from over 50 individuals in relation to our call for evidence (CFE) on the misuse of Non-disclosure agreements (NDAs). We expect to receive responses from relevant organisations, regulators and other stakeholders in the final two weeks of the CFE window and will continue to proactively reach out to stakeholders who may be able to assist us with evidence.
22. We have selected a proposal to conduct a rapid literature review in support of our professional ethics and the rule of law project. It will consider how legal professionals' conduct can uphold or undermine the rule of law, the scale of

conduct that undermines the rule of law, and the factors driving such conduct. The review is due in August.

Regulatory Performance

Regulatory Performance Update

23. Information requests for each regulator issued on 8 June. Responses are due by the end of July. So far, we have received a few queries about the requests from regulators and have addressed these.
24. Ahead of the receipt of the regulators' responses at the end of July, relationship managers are locating and familiarising themselves with materials that their regulators are likely to use as evidence that they are meeting the framework's standards.

Technology

25. We continue to progress work to develop a tool or service that collates regulatory information into a single place. Board will discuss this work as a separate substantive item on this agenda.
26. Following consideration at the Board meeting in June, our proposals to consult on new draft statutory guidance on promoting technology and innovation to improve access to legal services were approved. The consultation was published on 6 July 2023 and will run for 12 weeks.
27. We have submitted a response² to the Office for Artificial Intelligence's white paper³ on a proposed framework for the regulation of AI. As part of the consultation process, we attended a roundtable at the Alan Turing Institute hosted by the Office for AI on 19 June. We are also attending, alongside representatives from the regulators, a roundtable hosted by the Ministry of Justice and the Office of AI on 1 August. This will provide an opportunity to further discuss the Government's plans for the regulation of AI in the UK/their impact on the legal services sector.
28. We continue to collaborate with sector-wide initiatives, including with LawtechUK. We attended the first Regulatory Response Unit (RRU) meeting under the new LawtechUK consortium on 14 June. We also attended the Regulators and AI Working Group meeting on 2 June, and the AI Standards Forum for UK Regulators on 7 June.

Equality, Diversity and Inclusion

29. Following responses from regulators to our EDI Questionnaire, we held an internal policy development workshop at the colleague 13 June away day to discuss emerging findings and next steps. Colleagues fed into early thinking on the specific outcomes regulation could achieve under the aim of dismantling barriers to a diverse profession, considering the role of oversight regulation is

² <https://legalservicesboard.org.uk/wp-content/uploads/2023/06/LSB-response-to-AI-white-paper.pdf>

³ <https://www.gov.uk/government/publications/ai-regulation-a-pro-innovation-approach/white-paper>

setting clear expectations for regulations and holding them to account on progress. Following July Board, we will develop these ideas into policy options and return to Board in the autumn to present a proposal.

30. On 21 June, we hosted a spotlight event in collaboration with Clifford Chance on our recently published research on the lived experiences of the barriers to getting in, being in and getting on in the legal profession. The event was well-attended with 127 attendees - an over 80% attendance ratio compared to sign-ups. The conversation and interactive Slido questions generated further inputs for our policy development, highlighting concerns such as the profession not demonstrating a willingness to change and remaining barriers to progress in its culture (e.g., work-life balance, traditions, billable hours).
31. Colleagues attended the London Pride Parade on 1 July alongside the other regulators under the banner of 'Legal Choices – taking pride in the legal profession'. The event was a great opportunity to demonstrate the LSB's commitment to a work together to create an inclusive legal services sector that is open to everyone with appetite among colleagues to attend future pride events.

Sanctions update

32. On 4 July 2023, we attended Office of Financial Sanctions Implementation (OFSI's) legal sector engagement forum. The main substantive issue raised was whether the latest sanctions rules affected the ability of UK-based solicitors and law firms to give advice to non-UK clients about other jurisdictions' sanctions regimes. Attendees also stressed the need for the various Government departments involved with sanctions, the Law Society and the SRA to ensure that guidance on sanctions was developed and disseminated as widely as possible. We are organising an LSB-facilitated roundtable with the regulators and MoJ, with a date to be agreed.

Anti-Money Laundering Reforms

33. Following a review of the effectiveness of the UK's supervision regime in 2022, HM Treasury (HMT) issued a consultation on 30 June 2023 setting out 4 structural reform proposals. A cross-government working group of central Departments were involved in informing the consultation. MoJ officials were part of the group. The LSB was asked for input and provided feedback on the feasibility of the options under the Legal Services Act 2007. We are seeking a detailed discussion with HMT as it develops its proposals.

Curating the Strategy

34. We continue to receive contributions to the microsite, including a recent blog about risks associated with the use of pre-paid probate from the Best Foundation.

Police Station Representatives

35. The Police Station Accreditation Scheme ("PSRAS") is regulated by the Legal Services Commission Police Station Register Arrangements 2001 (as amended).

The Scheme provides training for solicitors and non-solicitors to provide advisory support to individuals who are detained at police stations. The LSB informed the SRA of its expectation that, should an individual wish to raise a complaint about a Police Station Representative who is not a solicitor, the procedure for doing so should be easily accessible and fit for purpose. The LSB received notification from the SRA on 3 July 2023 that information is now available on its website. The LSB is considering the information provided by the SRA.

Communications and Engagement

Annual Conference 2023/24

36. We have booked the King's Fund in London as the venue for our second annual conference on 7 March 2024. This follows a procurement exercise to test the market.
37. The free event will build on the momentum of last year's event and be an opportunity for stakeholders to collaborate to address the challenges facing the legal services sector. We hope to attract 250 people and once again will put in place a scheme to support people to attend who might otherwise be unable to for financial reasons.
38. The event will provide an update on and discuss the themes raised at last year's conference around EDI and professional ethics, and the event programme will reflect the LSB's work programme as well as the activities taking place across the sector to address the challenges set out in the Reshaping Legal Services Strategy.
39. The Board will have an opportunity to consider potential conference themes in the context of a discussion about communications and engagement at the September Board meeting, ahead of an update at the October Board meeting.

Wales Board Meeting and Engagement

40. The next Board meeting will be held in Cardiff on 12 September 2023.
41. As part of our plans to engage with Welsh stakeholders, we have confirmed arrangements for a lunchtime event at the Senedd on 13 September 2023. The event is being sponsored by Peredur Owen Griffiths MS, and the Counsel General and Minister for the Constitution, Mick Antoniw MS, has agreed to speak. We are developing plans for the Board to meet with Welsh stakeholders in the morning before the Senedd event.

External events

42. On 3 July the Chair and Director, Regulation and Policy attended an event organised by the BSB on the topic of 'Independence and the Public Interest: the role of a legal services regulator'.
43. On 17 July, I delivered a keynote address at a Westminster Legal Policy Forum event entitled 'Next steps for legal education and training'.

Meeting Schedule (6 June 2023 – 17 July 2023)

7-Jun	The Law Society	Chair and Chief Executive
7-Jun	Judicial Office	Chair and Chief Executive
8-Jun	CILEx Regulation	Chair and Chief Executive
12-Jun	Office for Legal Complaints	Chief Executive
12-Jun	City of London Law Society	Chair and Chief Executive
20-Jun	Solicitor's Regulation Authority	Chair and Chief Executive
19-Jun	University of Exeter	Chief Executive
21-Jun	Ministry of Justice	Chair and Chief Executive
21-Jun	LSB / Clifford Chance event	Chief Executive
22-Jun	Chartered Institute of Legal Executives	Chief Executive
22-Jun	Federation of Small Businesses	Chief Executive
23-Jun	Royal United Services Institute	Chief Executive
26-Jun	Solicitor's Regulation Authority	Chief Executive
26-Jun	Judicial Appointments Commission	Chief Executive
28-Jun	Serious Fraud Office	Chief Executive
29-Jun	Meeting with Counsel General, Welsh Government	Chair and Chief Executive
3-Jul	Legal Services Consumer Panel	Chair and Chief Executive
3-Jul	Bar Standards Board speech on independence	Alan, Flora and Richard
3-Jul	Judicial Diversity Forum	Chair and Chief Executive
3-Jul	Meeting with the Lord Chancellor and Secretary of State for Justice	Chair and Chief Executive
6-Jul	Northumbria University	Chief Executive
17-Jul	Westminster Legal Policy Forum	Chief Executive
17-Jul	International Bar Association	Chief Executive

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 – OLC VA letter

Annex B – SDT Performance

Annex C – New Round Up

Annex D – Minister Freer Letter

Freedom of Information Act 2000 (Fol)		
Para ref	Fol exemption and summary	Expires
N/A	None	N/A