



Meeting: Legal Services Board
Date: 12 September 2023
Item: Paper (23) 51
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 July 2023 Board meeting.

Recommendation

2. The Board is invited to:
 - **agree** to authorise the application of the seal of the Board by the Chief Executive to execute a deed between the Board and the Trade Union Congress for the lease of the Board's offices (see paragraph 12 below) and
 - **note** the remainder of this report.

Appointment matters

LSB Board

3. The Chair of LSB has written to the Lord Chancellor in relation to the end of Flora Page's and Stephen Gowland's first terms in July 2024 and is awaiting a response.
4. The LSB has been successful in its bid to take part in the Board apprentice scheme and we have submitted marketing information to be included in the campaign to attract candidates. The window for applicants closes on the 4 October and we should be informed if we have been successfully matched in w/c 13 October with a welcome event on the 13 November in Birmingham.

OLC Board

5. Over 60 applications were received for the upcoming OLC vacancy with a sift meeting scheduled for the 21 September and interviews for the afternoon of the 16 October.

LSCP

6. Six candidates have been shortlisted for the LSCP Chair role with interviews taking place on the 8 September. A recommendation will be made to the Board via correspondence soon afterwards.
7. Seven candidates have been shortlisted for the two LSCP member roles with interviews taking place on the 21 and 22 September. A recommendation will be made to the Board via correspondence soon afterwards.

Colleague and organisational matters

8. Two regulatory policy associates joined the LSB on 4 September to replace colleagues taking up promotions. An interim Corporate Support Officer has been working for the LSB during August and September.
9. We are in the process of recruiting to replace two Regulatory Policy Managers (both leaving to external promotion), with a closing date for applications of 11 September. We are also going out to advert later in September to recruit a Regulatory Policy Manager to lead our EDI work.
10. The next all colleague team day takes place on 12 October, where – among other things – we will discuss how we might harness generative AI in our own workplace.

Governance

One-year revisionary lease of the Board's offices at The Rookery

11. As a result of central government accommodation policies, it is unlikely that we will be able to remain in our current accommodation for the period envisaged when we signed the lease. We have secure permission from MoJ to extend the existing lease by one further year only.
12. The Board's authority is being sought for the Chief Executive to affix the Board's seal to execute as a deed, on the Board's behalf, a new lease with its current landlord the Trade Union Congress. The new lease will allow the Board to remain at its current offices on the third floor, the Rookery, 2 Dyott Street WC1A 1DE at the end of its existing lease in September 2024, for a period of one year. The one-year extension to the lease on full rent is likely to incur a modest additional cost. However, this is likely to be mitigated by offsetting factors including inflation over the 5-year period 2019 to 2024 (estimated at 25%) and the depreciation savings from utilising fully depreciated assets for one further year.

Ministry of Justice

13. The Ministry of Justice has assessed the LSB as a “low risk” ALB. One of the consequences of this is that the frequency of formal “business assurance” meetings has been reduced. The next meeting is scheduled for December 2023.
14. Negotiations continue between MoJ and the LSB on a revised framework document. The LSB has submitted further changes to MoJ for consideration. We hope to progress matters in such a way as to provide a draft capable of ARAC and Board before the end of the year.

Office for Legal Complaints

15. The voluntary assurance letter, was previously circulated to Board.¹
16. The OLC has provided its first quarterly update to the LSB on the impact on the scheme rule changes that were approved by the Board in July 2022 and came into effect on 1 April 2023. We are analysing the update and will follow up appropriately with the OLC. It has also provided a public report with its July 2023 Board papers on its website.

Solicitors Disciplinary Tribunal

17. We are expecting the SDT’s budget submission in September, for LSB approval at the October Board meeting. The SDT’s submission will be provided reflecting the acceptance criteria we have agreed regarding transparency, accountability and value for money.

Regulatory Developments

News Round Up

18. The news round-up is attached at Annex A.

Research

19. Following a tender process, we have selected YouGov to conduct the fieldwork and summary reporting for the Individual Legal Needs Survey, which we are carrying out with The Law Society. Fieldwork is due to start in September and the draft summary report will be available before the end of December.
20. MoJ has confirmed they will provide funding for commissioning data analysis and diversity profiling of the judicial talent pipeline. This is in support of the Judicial Diversity Forum and our EDI work. This research aims to explore the “indicators of success” model in relation to progression to more senior levels of the legal professions. We are currently in discussions with MoJ regarding operational details, including how funding will be transferred.

¹ <https://legalservicesboard.org.uk/wp-content/uploads/2023/08/VA-letter-July-2023-Board-meeting-ISSUE-1-AC.pdf>

21. We published our Public Panel research into improving service complaints in August. This and other evidence informed new draft proposals to improve legal services providers' complaints procedures, which we are currently consulting on.

Statutory Decisions

22. Since my last update, the LSB has approved an application from the SRA to set its annual fee for contributions from individuals and firms to its Compensation Fund. The individual contribution is being maintained at £30 and the firm contribution is decreasing from £690 to £660.
23. We are currently considering the first two practising fee applications of the year. The first is a joint application from TLS and the SRA seeking a 7.3% increase to the individual practising fee. The second is an application from the Faculty Office seeking an 8% increase in its basic practising fee while removing the levy it has had in place for the past two years to clear a historic deficit and build a reserve.

Empowering Consumers

24. We convened a meeting of the Market Transparency Co-ordination and Oversight Group on 26 July. We discussed progress against the policy statement and all regulators confirmed that they expected to meet the statement's expectations by September 2024 (allowing in some cases for evaluation work that is planned beyond 2024).
25. We sought updated assurance on progress against the policy statement through the regulatory performance information requests. We will report on this in the upcoming assessments.

Ongoing Competence

26. Similarly, we sought updated assurance on progress against the ongoing competence policy statement through the regulatory performance information requests. We will report on this in the upcoming assessments. The SRA published its first annual assessment of continuing competence in August, and we will be meeting the SRA shortly to discuss the findings.

Professional Ethics and Rule of Law

27. We have received over 100 responses to our call for evidence on the misuse of Non-disclosure agreements (NDAs). We are now in the process of analysing the evidence and will share the emerging findings with the Board at its October meeting.
28. The draft report from the rapid literature review that we commissioned from professors Moorhead and Vaughan is due at the end of August. 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. We plan to convene another roundtable with our stakeholder reference group in the autumn, which will discuss the findings from the literature review and other evidence gathered through desk research and stakeholder engagement.

29. Given the scale and scope of our work programme in this area, we plan to publish an update on our work and proposed next steps alongside our 2024/25 draft business plan.

Disciplinary and enforcement

30. Following our announcement on the 4 August that we intend to review the enforcement and investigative tools available to legal services regulators, we have begun to assess the existing powers available in relation to information gathering and financial penalties. We will shortly issue an informal information request to regulators to ensure that we have an up-to-date and accurate understanding of each regulator's existing powers.

CRL/CILEX Investigation

31. We have continued to monitor the implementation of the undertakings by CILEX and CILEX Regulation. In August, CILEX launched a consultation that includes a proposal to transfer delegation of its regulatory arrangements to the SRA. We met with CILEX and CRL on 24 July and 31 August and progress updates provided alongside those meetings are attached to this report at annex B.

Regulatory Performance Update

32. Information request responses from all regulatory bodies received by or shortly after the end of July. Relationship managers are currently drafting assessments which will be reviewed and moderated in September. Moderated assessments will be sent to regulatory bodies in early October for substantive comment and fact and confidentiality checking. We are currently on track to publish our assessment report in November.
33. The BSB has drawn up an Action Plan for Transformational Change. The Action Plan seeks to bring about major changes to the culture and capacity of the BSB, significantly improve some of its key processes and tackle areas of underperformance. The BSB will provide the LSB with updates on progress against the Action Plan following each meeting of its Board. The latest update is dated July 2023 and is appended at Annex C. It indicates that progress against the action plan is on track in almost all areas and provides explanations where there has been any slippage in timescales.
34. We have been in discussions with the SRA for some time regarding its programme of reform to its case handling procedures. To better understand the actions and outcomes expected from the reforms, we asked the SRA for further details together with its programme action plan. We received further details from the SRA on 3 July 2023 and the action plan on 25 August 2023 attached at Annex D. The SRA have advised that the action plan is a living document that may be updated or amended over time as it reflects a programme of continuous improvement. We will continue our discussions with the SRA on the progress and effectiveness of its reforms.

Technology

35. Following the Board's discussion in July, we have now written to the Chairs of the regulators about the next steps for the 'Regulatory Information Service' work, attached at Annex E. We are now engaging with the regulators on the specific next steps for this work, including working with the SRA to develop an options paper on the next phase of this work. We will also attend the next meeting of the Legal Choices Governance Board to discuss this work.
36. Following the publication of our consultation on new draft statutory guidance on promoting technology and innovation to improve access to legal services, we are undertaking stakeholder engagement activities to obtain feedback on the proposals. To this end, we have offered bilateral meetings to, and have begun to meet with, regulators during August and September. We will also promote the consultation with a range of stakeholders at an LSB webinar sharing insights from the LSB's Use of Technology and Innovation Survey², which is due to take place on 19 September.
37. Our engagement with the Office for Artificial Intelligence (AI) on the Government's proposals for a regulatory framework for AI is ongoing. As part of this we attended, alongside representatives from the regulators, a roundtable hosted by the MoJ and the Office for AI on 1 August to provide feedback on the impact of the proposals on the legal services sector. Additionally, in relation to AI, we are preparing a response to the Committee for Standards in Public Life's request³ for follow up information on regulator progress in relation to the challenges posed by AI.

Equality, Diversity and Inclusion

38. We are considering the next steps following the Board steer at the July 2023 meeting to make a step change in our approach and in ways that maximise the role of regulation in improving the diversity and inclusiveness across the legal sector. We will come back to the Board with proposals later this year or early in 2024.

Anti-Money Laundering Reforms

39. On 10 August 2023 we met the HM Treasury team leading the policy on anti-money laundering reforms. The purpose of the meeting was to discuss the role of the LSB and the way the Legal Services Act 2007 operates alongside AML supervision. We will be submitting a response to the consultation which closes on 30 September 2023.

Curating the Strategy

40. We continue to receive contributions to the microsite, including a recent blog about how the Bridging the Bar program is improving diversity at the Bar by

² <https://legalservicesboard.org.uk/wp-content/uploads/2023/06/20230425-Tech-and-Innov-survey-2022-Designed.pdf>

³ https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1168358/Lord_Evans_letter_to_regulators_on_AI.pdf

supporting aspiring barristers from underrepresented backgrounds through the qualification process.

Police Station Representatives

41. We reviewed the information the SRA provided in July about the revised information it has published on its website about making complaints about police station representatives and their regulation. We wrote to the SRA on 3 August raising further points about the content and accessibility of this information. Our performance assessment information request included a question about this issue, and we are reviewing the SRA's response to it to see whether it address our further questions.

Review of LSB education and training guidance

42. The project to review the LSB's existing education and training guidance, which is set out in the current business plan, is now due to commence in business plan year 2024-25. This is to ensure that the review of the guidance is aligned with other LSB workstreams, notably the professional ethics and EDI projects, so that it can best take account of the evidence and policy development in these workstreams. We have indicated this intended realignment in our quarterly activity schedule, which we share with stakeholders so that they can plan their resources in engaging with us. The Board leads for this area have been updated on the approach.

Communications and Engagement

Stakeholder engagement in Wales

43. This September Board meeting is taking place in Cardiff as part of our ongoing programme of engagement across England and Wales.
44. On 13 September 2023, our Board members and executive colleagues will have a range of face-to-face meetings with Welsh stakeholders from the Cardiff School of Law, the Speakeasy Law Centre, the Law Council of Wales and Cardiff School of Management.
45. Later that day, we are holding a stakeholder reception at the Senedd, sponsored by Peredur Owen Griffiths MS. There will be speeches by the LSB Chair; Mick Antoniw MS, Counsel General for Wales; and Warren Palmer from the Speakeasy Law Centre.

Annual Conference – Reshaping Legal Services 2024

46. The annual conference will take place on 7 March 2024 at The King's Fund, Cavendish Square, London W1G 0AN – the same venue as last year. The venue was selected following a tendering exercise.
47. Organised by the Legal Services Board and Legal Services Consumer Panel, the conference will once again bring together a wide range of people who have a role to play in ensuring legal services work better for those who need them. That includes lawyers, legal services professionals, regulators, academics, students,

the judiciary, charities, and advice agencies. Anyone wishing to sign up can do so at reshapinglegalservices.org.uk.

48. We have contacted Board Members to get an early indication of travel and accommodation requirements.

49. Save the date invitations have been issued, and we have started promoting the event on social media.

50. We have issued an invitation to tender, inviting suitable suppliers to bid to be our conference delivery partner. This will include support with producing and promoting the event.

External events

51. Two members of the Policy team attended the 'Why Women Leave' research launch event on 27 July 2023 at Coutts, The Strand. Clifford Chance sponsored the research. The findings of the research were based on a survey of over 4,000 responses and highlighted the factors that are affecting the retention of women in the workplace.

52. On 8 August 2023 I attended the Professional Enablers roundtable event which was convened by the Home Secretary and Lord Chancellor and was also attended by regulators and members of the new taskforce to discuss legal and other professionals' misconduct relating to the immigration and migration system.

53. On 1 September 2023 I attended a discussion to shape plans for an AI conference (impact of AI on the legal profession) being organised by Westminster Legal Policy Forum.

54. On 8 September 2023 I will be speaking at the Junior Lawyers Network Summit event on the topic of equality, diversity and inclusion in the legal sector.

55. The following senior level meetings took place between 18 July and early September:

20-Jul	The Bar Council	Chair
24-Jul	Office for Legal Complaints	Chair and Chief Executive
24-Jul	CRL / CILEX	Chief Executive
26-Jul	SRA	Chief Executive
26-Jul	BSB	Chief Executive
27-Jul	Law360	Chief Executive
28-Jul	IPReg	Chief Executive
31-Jul	LeO	Chair
1-Aug	CLSB	Chief Executive
9-Aug	The Law Society	Chair and Chief Executive
10-Aug	HM Treasury	General Counsel, Director, Regulation and Policy, Head of Performance and Oversight & one of the Policy Managers attended
10-Aug	Legal Ombudsman	Chief Executive
30-Aug	Legal Services Consumer Panel	Chief Executive
31-Aug	The Law Society	Chief Executive
6-Sep	The Faculty Office	Chief Executive
7-Sep	Solicitor General	Chair and 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 – News Round Up
Annex B – Voluntary Assurance letter from BSB
Annex C – CILEX/CRL Progress Update
Annex D – BSB Action Plan
Annex E – SRA Action Plan
Annex F – RIS Letter

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