

Meeting: Legal Services Board

Date: 26 March 2024¹

Item: Paper (24) 09

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 23 January Board meeting. All information is correct at the time of writing.

Recommendation

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

Appointment matters

LSB Board

3. The campaign for the recruitment for a non-lay member to the Board has closed and interviews were held on the 21 and 22 March supported by LSB's Director, Enabling Services. A recommendation will be made to the Lord Chancellor in April.
4. A case for the reappointment of Gary Kildare for a second term has been submitted to the Lord Chancellor.
5. Office for Legal Complaints (OLC) and Legal Services Consumer Panel (LSCP)
6. The executive is in the process of appointing a recruitment firm to assist with the appointments to be made in 2024/25 to the OLC and LSCP.

Colleague and organisational matters

7. We welcomed our new Head, Policy and Delivery on 1 March 2024. Our Head, Strategy and Research will be starting on 8 April.

¹ Circulated 19 March 2024

8. We are saying goodbye to our Stakeholder Engagement Manager and one of our Regulatory Policy Managers. We will be replacing both roles shortly.
9. The CEO recruitment campaign closed on 8 March. We attracted a large, high-quality pool of candidates. We are conducting the long list meeting on 18 March, the short list meeting on 11 April and interviews will be held on 1 May.

10. Solicitors Disciplinary Tribunal

11. As Board members are aware, on 27 February we hosted a board to board meeting with the SDT where the SDT presented its strategic vision and priorities. The meeting also involved a discussion about the potential increase to the SRA's fining powers, the SDT's views on this and how it is engaging with the SRA.

Legal

12. We continue to make progress with our independent review of regulatory events leading up to the SRA's intervention into Axiom Ince. We published the scope of the review dated 22 January 2024. The SRA provided information in accordance with our statutory information request and Carson McDowell continue to assist us with the review. We remain on track to report in spring 2024.
13. The SRA's last public statement on its approach to Axiom Ince was on [29 November 2023](#). It published guidance about how it would consider Compensation Fund applications arising from the case on [1 December 2023](#).

Regulatory Developments

14. News Round Up

15. The news round-up is attached at Annex A. It includes some additional material intended to provide the Board with further information about developments on topics including regulation, legal market trends, litigation funding, wellbeing and diversity.

SSB

16. The SRA issued a statement about its investigation into the collapse of SSB Group [on 4 March](#). The SRA is looking at whether SSB Group acted in compliance with its professional standards.
17. The SRA is also looking at why some of SSB Group's clients have are being pursued for adverse legal costs in relation to their discontinued cavity wall insulation claims and why 'after the event (ATE)' insurance policies, which should have covered these costs, have not paid out. The SRA is liaising with the FCA (which regulates ATE insurers), the Royal Institute of Chartered Surveyors, the Financial Ombudsman Service, the MoJ and other bodies to determine if this problem is limited to SSB or if there is a

wider problem with ATE insurance or the role of insurers or surveyors, and to understand what actions the FCA and/or RICS may be taking.

18. LSB staff have been in contact with the SRA about the progress of its investigation into SSB and are scheduled to meet the SRA on 8 April to obtain a further update.

OLC

19. The voluntary assurance letter dated [14 February](#)² was circulated out of committee. The OLC's final business plan and budget will be discussed elsewhere on the agenda.

Research

20. The draft Individual Legal Needs summary report is being reviewed ahead of publication and analysis continues on our first thematic report into unmet legal needs. We shared a few key statistics at the Reshaping Legal Services Conference on 7 March and will be sharing summary insights with MoJ colleagues at their Legal Support Strategy Conference on 26 March.
21. Our research on barriers to progression in the judicial talent pipeline is also being reviewed, ahead of planned completion at the end of March. This project is in support of the Judicial Diversity Forum and funded by the MoJ.
22. System mapping continues at pace, in our work to explore how a systems-change approach could be used by regulators to improve Equality Diversity and Inclusion (EDI) outcomes.
23. The literature review of litigation funding is progressing well, with interviews conducted and questionnaire responses received from a number of litigation funders.

Statutory Decisions

24. Since my last update we have approved a Practising Fee Application from the General Council of the Bar seeking a 9.5% increase for 2024/25 compared to the practising fee levels for 2023/24.
25. We are currently considering three applications. The first application is from the CLSB for changes to its code of conduct. The proposed changes include introducing the principle of independence and new definitions of clients, including "professional client" and "ultimate client". The second is from the BSB seeking new powers for Disciplinary Tribunals in relation to interim restrictions or suspending a barrister after it has made a finding of professional

² <https://legalservicesboard.org.uk/wp-content/uploads/2024/02/VA-letter-January-2024-Board-meeting-ISSUE-1.docx.pdf>

misconduct, if the hearing to determine sanctions is held at a later date. The amendments also introduce a new ground of public protection and the public interest to those criteria under which the BSB may seek the interim suspension of a barrister pending disciplinary action.

26. The third application is from IPReg seeking approval for changes to its compensation arrangements including extending the eligibility criteria to make a claim to entities with an annual turnover of less than £2 million and increase the individual claim limit from £25K to £30K. In all three cases, we have put several questions to the regulator concerned to ensure that we have sufficient information on which to make a full assessment of the application.

Access to Justice

27. We continue to engage with stakeholders and collaborate with partners including the LSCP and MoJ to explore how the LSB and other regulators can contribute to improving access to justice. Joint research with the LSCP identifying ways regulatory levers can be used to address unmet legal need is due to be completed at the end of March.

Professional Ethics and Rule of Law

28. On 31 January we convened the first meeting of the workstream that the LSB is leading within the Government's Strategic Lawsuits Against Public Participation (SLAPPs) Taskforce. The workstream focuses on Legal Services Ethics and aims to ensure that legal services professionals are confident in recognising and handling potential SLAPPs cases, and that the regulatory framework is capable of ensuring high-quality services underpinned by strong professional ethics. The group has agreed to examine three core areas: existing regulation, the potential for new regulation and also any non-regulatory solutions that members might wish to bring forward. The second meeting took place on 19 March and interim updates to the wider taskforce are expected in April / May. The Anti-SLAPPs Private Member's Bill brought by Wayne David MP (Labour) had its second reading in February. Minister Freer indicated the Government's support for the Bill which seeks to expand the reach of the anti-SLAPP provisions already established in relation to economic crime specifically by the Economic Crime and Corporate Transparency Act 2023 (EECTA).
29. Following our discussion with Board in January on PERL, we sent out tailored information requests to the regulators on 27 February to help us better understand the prevalence of the types of poor ethical conduct we have identified through our evidence, and how the existing regulatory framework addresses these issues, including prevention, supervision and enforcement. We have asked for responses by 23 April. Following this, we will work with regulators to undertake a gap analysis to determine whether further regulatory intervention is needed, and this will help inform any policy options we consider.
30. The summary report of evidence from our call for evidence on the misuse of non-disclosure agreements (NDAs) was published in February and contributes

to the conversations about the ethical conduct and practice of lawyers advising on and facilitating NDAs. The evidence highlights a potential overuse and misuse of NDAs, where the intention is to cover up misconduct, intimidate or silence people and will help to inform our policy development on PERL.

31. The provision within the EECTA that introduced a regulatory objective which the LSB and other legal services regulators must promote related to economic crime came into effect on 4 March. We are in the process of analysing input from regulators identifying how they each plan to respond to the new regulatory objective. This information, along with wider engagement with relevant stakeholders over the coming months will support the development of our approach.

Regulatory Performance

Regulatory Performance Update

32. We received the latest update on the BSB's Action Plan for Transformational Change on 2 February (attached at Annex B). There has been little change since the last update at the end of November due to the intervening Christmas break, and the RAG ratings are unchanged. We are due to receive the next update to the Action Plan presently, following the BSB Board meeting on 21 March. The preliminary report of the Fieldfisher end-to-end review of enforcement processes was considered at the BSB Board in January and is due to be published in April.
33. On 28 January, the BSB gave a briefing to LSB staff about the BSB's Business Plan for 2024/25. The BSB Board's priorities for 2024/25 included improving operational performance, completing the delivery of reforms and completing strategic projects from the current 3-year strategy. Other matters discussed included the Fieldfisher enforcement review, the BSB's risk framework review and other ongoing projects around standards, equality, and access. We prompted the BSB to also consider how to address issues emanating from the Post Office scandal and the implications for the values and behaviours expected at the Bar. This may require changes to the BSB handbook and subsequently how breaches of the handbook are dealt with.
34. Further to the presentation at the Board's January 2024 meeting, our latest review of the regulators' performance was published on 20 February. As part of our follow-up work on the common themes highlighted in the report, we are writing to all regulatory bodies about the need for them to provide sufficient transparency about their decision-making processes and setting out our expectations of what information they should publish. We will expect them full compliance from them ahead of our next performance assessment.

35. We will also begin reviewing regulatory bodies' compliance with the requirements of our statement of policy on ongoing competence. Regulators were due to meet the statement's expectations by 31 January 2024.

CRL/CILEX Progress Update

36. We continue to monitor the implementation of the undertakings by CILEX and CILEx Regulation (CRL) following our investigation into disputes and disagreements between CILEX and CRL. We met with CILEX and CRL on 20 February and the progress report provided in advance of that meeting is included at Annex C. The next meeting is scheduled for the 18 March.

Technology

37. The technology for access guidance and consultation response documents were presented to Board on the 27 February and received approval subject to minor amendments. We plan to publish the guidance before the end of March.
38. In relation to work on AI, we have had discussions with the SRA and BSB about our forthcoming response to the government providing a strategic update on our approach to AI (due 30 April). This included updates from both organisations on current and future capacities and capabilities regarding AI work, as well as discussing opportunities for further collaboration between the LSB and regulators.
39. We met with the Ministry of Justice LawtechUK team on the 5 March to discuss innovation across the sector, including the Lawtech Ecosystem tracker which documents hundreds of lawtech ventures innovating the sector across the UK.
40. We also continue to collaborate with sector-wide initiatives related to technology and innovation, including attendance at the LawtechUK Generative AI event, and the recent meeting of the Regulators and AI Working Group which included presentations from the ICO on its consultation series on Generative AI, and an informative discussion on the European Union's AI Act.

Equality, Diversity and Inclusion (EDI)

41. We have received the draft statistical analysis report on the judicial talent pipeline from SQW, whose commissioning was funded by the Ministry of Justice (MoJ). We are working SQW, with input from colleagues at the JAC to finalise the report by the end of March.
42. The Social Change Agency (SCA) continues to develop a systems mapping tool to identify the systemic, structural drivers for barriers to an equitable, diverse and inclusive profession, as well as potential leverage points where actors in the sector can intervene to effect change. In February, SCA led a workshop with key stakeholders from approved regulators, regulatory bodies

and the legal profession to test early assumptions and findings emerging from the research. On 12 March, SCA joined the Legal Regulators EDI Forum to set out the methodology and approach of the research, as well as how it can support the development of effective regulatory policy. The final research output is due by the end of March 2024.

43. We met with colleagues from the Financial Conduct Authority (FCA) in February to discuss the FCA's emerging diversity and inclusion (D&I) regulatory framework. FCA colleagues set out the proposals for the framework, which aims to strengthen efforts to advance EDI in the financial services sector. The FCA noted that the consultation paper received more constructive feedback than its initial discussion paper on the issues of how to use regulation to tackle EDI barriers - and predicted challenges in the implementation of proposals. Colleagues from the SRA provided insight from its own regulatory activities around data collection, noting pushback from the sector was most often about GDPR issues. FCA colleagues were invited to join any upcoming Legal Regulators EDI Forum meetings to seek further insight and share updates on the implementation of its proposals. LSB colleagues subsequently met with a member of both the FCA's and City of London Law Society's (CLLS) Environmental, Social and Governance (ESG) committees to discuss ways to galvanise the stakeholders in the legal sector to embrace EDI policies being proposed and implemented. We agreed to share our systems change research once finalised and discuss LSB EDI policy plans with CLLS's ESG Committee later this year.
44. This month, we began initial discussions with colleagues from MoJ on an EDI roundtable event hosted by Mike Freer for regulators in the legal sector. MoJ is aiming to hold this event in May/June this year.
45. On 29 February, we met with representatives from TheCityUK, the industry-led body representing UK-based financial and related professional services. We continued discussions with TheCityUK on efforts in the legal sector to tackle ongoing barriers to advancing equality, diversity and inclusion. Although TheCityUK colleagues shared our diagnosis of the issues in the sector and agreed on the vital role of leadership in this space, we discussed the need to take more systematic, long-term approaches to making change in the sector, as well as evidencing the impact of these approaches through evaluation. We committed to continuing dialogue on these and other strategic issues.

Curating the Strategy

46. Following the second annual conference which took place on 7 March, we expect to receive reflections on the event and thought pieces from some attendees, which will be added to the microsite. We continue to receive contributions to the microsite and will be commissioning further content in the coming months, including from internal and external stakeholders, talking

about the work of the LSB and our progress against the challenges, as well as updates from regulators and others. We recently published content from next steps for legal professional ethics in the UK event at the Westminster Legal Policy Forum, which took place on 9 February.

Disciplinary and Enforcement

47. On 14 March, we hosted an online workshop with regulators as part of our disciplinary and enforcement processes project. The aim of the workshop was to gain a deeper understanding of how regulators' existing policies, processes and procedures operated in practice, and to begin to identify the principles that should underpin effective disciplinary and enforcement arrangements. The information gathered from this workshop, and other information provided by regulators, will inform the principles and determine what further work is needed.

Police Station Representatives (PSRs)

48. The SRA wrote to us in January regarding the visibility of information on their website about how to complain about PSRs. They explained that they have enhanced the search function on their website for several relevant terms and phrases relating to PSRs and included prompts to the FAQ webpages about 'legal help at a police station' and 'reporting a solicitor'. At our regular relationship management meeting in February, we asked the SRA to look at adding links to the above pages to its PSR accreditation scheme webpages to make it even easier for members of the public to find out how to lodge complaints about PSRs.

Internal governance rules (IGR) Evaluation

49. We have begun work on an evaluation of the IGR which were introduced in 2019. We wrote to the approved regulators and regulatory bodies in February seeking their views and comments to inform the scope of the evaluation. A copy of the letter is attached at Annex D. Responses to the letter are due at the end of March.

Communications and Engagement

50. Reshaping Legal Services Conference 2024 – 7 March 2024

51. The Reshaping Legal Services Conference 2024 was well-attended both online and in person and received positive feedback from delegates. The presentations and videos of the sessions have been uploaded onto the reshaping legal services microsite for people to watch again.

52. We are evaluating the conference and will provide an update during the meeting.

53. We plan to hold the conference at the same time next year and will begin making plans immediately.

Board engagement events

54. Bangor Roundtable – 25 April 2024

55. We have invited a range of delegates from across the sector in North Wales to meet with the Chair at Bangor University over lunchtime. In the evening, we will also participate in a Legal Tech Wales event. Board members are invited to accompany the Chair.

Norwich - 23 October 2024

56. Plans to hold a stakeholder event in Norwich are in place. We have secured space at the University of East Anglia Law School. Board members are invited to accompany the Chair.

West Country engagement event

57. We are making plans to hold the September Board meeting in Bristol on 17 September 2024, followed by engagement opportunities the following day.

External events

58. On 23 January 2024, the Director, Regulation and Policy attended a roundtable on the regulatory expectations of chambers with the Bar Standards Board.

59. On 9 February 2024, I delivered a keynote speech at the Westminster Legal Policy Forum conference, Next Steps for Legal Professional Ethics in the UK.

60. On 21 March 2024, our General Counsel spoke about the impact of technology on the legal services profession at the Employment Lawyers Association In-house conference.

All chairs meeting – 22 February

61. On 22 February we hosted the first 'all Chairs' meeting, inviting Chairs and Chief Executives (or equivalent) from both the approved regulators and regulatory bodies. The purpose of the event was to encourage an open and transparent discussion on areas of mutual interest, with a focus on collaboration. The agenda covered professional ethics, AI and the upcoming IGR review. We had 29 external attendees, both in person and online.

62. A note of the discussion has been shared with attendees, and we are seeking feedback on the validity of holding future all Chairs meetings, and with what frequency.

External Senior Meetings

63. The following senior-level meetings took place between 9 February 2024 and 21 March 2024.

09-Feb	Westminster Legal Policy Forum event	Chief Executive
08-Feb	Police Informants Royal Commission Implementation Monitor in Melbourne	Chief Executive
12-Feb	Council for Licensed Conveyancers	Chair and Chief Executive
20-Feb	Public Chairs' Forum & Association of Chief Executives	Chair
20-Feb	CRL/CILEx Progress Meeting	Chief Executive
21-Feb	Bar Council	Chief Executive
27-Feb	Solicitors Disciplinary Tribunal	Chair and Chief Executive
29-Feb	TheCityUK	Chair and Chief Executive
04-Mar	Solicitors Regulation Authority	Chair and Chief Executive
12-Mar	City Solicitor Magazine	General Council
15-Mar	Bar Council	Director, Regulation and Policy and General Counsel
18-Mar	CRL/CILEx Update meeting	Chief Executive
19-Mar	Judiciary Diversity Forum Officers	General Counsel
21-Mar	Employment Lawyers Association	General Counsel
21-Mar	Legal Futures	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 – BSB Action Plan
Annex C – CILEx/CRL Update
Annex D – IGR Evaluation

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