Minutes of the Legal Services Board (LSB) meeting held on 26 March 2024

Date:	26 March 2024	
Time:	10:30-11:15 (Board private session) 11:15-14:45 (Board meeting)	
Venue:	LSB Offices	
Present: **(Members)**	Alan Kershaw, Chairing the meeting Kate Briscoe Catherine Brown Clare Brown Gary Kildare Habib Motani (to item 9) Flora Page Lizzie Peers Meena Sanker, Board Apprentice Matthew Hill, Chief Executive	
In Attendance:	Clare Brown	Regulatory Policy Manager (item 5)
	Heidi Evelyn	Consumer Panel Associate
	Tania Hardcastle	Regulatory Policy Manager (item 4)
	Stuart Hamill	Head, Finance and IT
	Angela Latta	Head, Performance and Oversight
	Jelena Lentzos	Head, Policy and Delivery
	Margie McCrone	Head, Strategy and Policy (to item 8)
	Toakase Tonga	Senior Legal Advisor (item 5)
	Richard Orpin	Director, Regulation and Policy
	Danielle Viall	General Counsel
	Holly Perry	Director, Enabling Services
	Paul Nezandonyi	Head, Communications and Engagement
	Ethan Fleming	Corporate Governance Manager (minutes)
	Elisabeth Davies	Chair, Office for Legal Complaints
	Paul McFadden	CEO, Legal Ombudsman
	Sarah Chambers	Chair, Legal Services Consumer Panel
Observers:	Gavin Doyle	Regulatory Policy Manager
	Elaine Rowe	Programme Office and Policy Manager
Apologies:	None	

Item 1 - Welcome and Apologies

1. The Chaired welcomed the Head, Policy and Delivery to their first meeting and welcomed the observers.

Item 2 - Declarations of interest to the business of the Board

2. There were no declarations of interest relevant to the business of the Board.

Item 3 - CEO's progress report

3. The Chief Executive presented the report, and the following points were raised in discussion:
   - The Private Members Bill on Strategic Lawsuits Against Public Participation (SLAPPs) had been discussed at the most recent SLAPPs taskforce meeting. Attendees had expressed a number of reservations about the bill, and there was agreement that regardless of whether the Bill proceeds, there remains a clear role for regulators in relation to tackling SLAPPs. The LSB continued to take a central role as a member of the SLAPPs taskforce.
   - The Bar Standards Board (BSB) and Solicitors Regulation Authority (SRA) considered that they had not seen the conditions necessary to take interim action against lawyers involved in the Post Office investigations. The executive was engaging with them to ensure the wording used in external communications made the position as clear as possible. The threshold for interim action was high, and the fact finding was incomplete. The executive would provide advice to the Chair on whether or not a Chair-to-Chair letter was required on this issue. (**action**)
   - An updated State of Legal Services report was planned for the next business planning year which would draw on a number of robust sources of information in defining the market and its size and shape.
   - The planned work on market surveillance would help with horizon-scanning for potential risks. In the interim, the regulatory assessment report had highlighted the need for regulators to improve their own monitoring.

4. The Board **noted** the Chief Executive's report.

Item 4 - LSB Business Plan and Budget 2024/25

5. The Regulatory Policy Manager reported that the levy had reduced from the pre-consultation estimate and would be approximately a 10.5% increase on the previous year. This would fund six new full-time equivalents (FTEs), primarily to increase the LSB's direct regulatory oversight in response to previous years' feedback from stakeholders. The following points were raised in discussion:
   - ARAC had endorsed the budget and had requested that the executive continue to consider how the impact of the additional posts would be measured, to demonstrate a clear focus on efficiency.
   - Research was planned as part of the business planning process and the executive continued to look to where collaboration could be made such as with the LSCP or with the Law Society on the Individual Legal Needs Survey.
   - The Public Panel had been established in 2020 as a market research tool and was open to all regulators.

6. The Board **agreed** the LSB expenditure budget for 2024/25 of £5.271m, as endorsed by ARAC at its meeting on 6 March 2024. The Board also **agreed** the proposed final Business Plan 2024/25, the consultation response document, and the activity schedule. The Board also **delegated authority** to the Interim CEO (business plan) and Acting Accounting Officer (budget) to approve the documents ahead of publication.

Item 6 - First Tier Complaints – Requirements, Guidance and Statement of Policy

7. The Regulatory Policy Manager introduced the item, and the following points were raised in discussion:
   - Whilst the work had been focussed specifically on complaints, it was hoped that it would help deliver a culture change, where complaints might be welcomed, and firms applied learnings from them, and consumers and citizens felt able to make complaints and give feedback. These outcomes could be better articulated in the policy. The first-tier complaints coalition would be an important tool in driving culture change.
   - Regulators would be required to publish data on the timeliness of complaints resolution and would be encouraged to identify trends or areas for improvement.
   - The timescale for compliance had been adjusted to 18 months in response to feedback from the consultation. Feedback had highlighted that changes to regulatory arrangements by the regulators would require consultation and application to the LSB via the statutory decisions process which would take time. 18 months was in line with other timescales that the LSB had previously set and could be phased.
   - Vexatious complaints did happen and there was a need to maintain a balance and flexibility on handling them. The criteria for defining vexatious complaints would be looked at.
   - Both very high levels of complaints and very low levels of complaints could be indicators for concern.
   - Whilst the LSB's overall desire was for a world-class complaints process when assessment was made against the statement, there would be consideration of responses being proportionate and providing value for money.

8. The Board **agreed** the final Requirements, Guidance, statement of policy and consultation response document for publication, and **delegated** to the Interim CEO approval of final minor changes prior to publication.

Item 7 – Office for Legal Complaints (OLC) Budget Application 2024/25

9. The OLC introduced the item and reported that key performance indicators (KPIs) continued to improve. However, the OLC were not complacent and continued to seek improvements and engage with stakeholders. LeO noted that research showed that consumers did not always want such a swift resolution of their complaint and wanted to feel assured it had been considered appropriately. LeO was recording customer satisfaction of the early-stage resolution process.

10. The following points were raised in discussion:
    - There was a general trend of increasing complaints across all sectors not just the legal services sector for a number of reasons including increased awareness and pressures related to cost of living. A factor more specific to the legal services sector was poor handling of first stage complaints. Part of the OLC's new strategy was to have more granular data on complaints and what was driving them.
    - LeO had implemented automation at the front end of the process but there was likely to be a further role for technology/AI throughout LeO's work, most likely on the information gathering and analysis. A 'lean' review was currently being carried out which would provide recommendations in these areas and others.
    - The full publication of decisions remained a matter of concern to the LSB and Legal Services Consumer Panel (LSCP) and LeO was currently taking legal advice on the matter. The publication of full decisions would take extra resource and AI may have a

role to play. The OLC would provide a plan for the publication of decisions to the LSB. (**action**)
- Whilst the improvements were positive, the LSB encouraged the OLC to consider what consumers might consider a modern redress system should look like and alternatives to ombudsmanry such as alternative dispute resolution (ADR). ADR status could be achieved by making an application to the LSB.
- Staff attrition had decreased in the second half of the year although this remained a risk.
- Cost per person helped was seen by the OLC as an important metric but it was not the same as cost per case. It was important that cost per person helped was defined adequately and that the person did feel that they had been helped.
- The planned investment in learnings from complaints and sharing learnings should have measurable outcomes to show the impact of the work.
- It would be helpful to understand the budget in a medium-term financial plan (i.e. three years) with different scenarios depending on the impacts of expected upcoming changes.

11. The Board **agreed** the OLC's budget proposals.

12. As this was her last Board meeting, Board members and OLC colleagues wished the Head, Strategy and Policy well for her future endeavours and thanked her for the significant contribution she had made to the LSB's work.

Item 8 - LSCP Workplan

13. The LSCP Chair introduced the item and reported that the LSCP's three-year strategy would be extended for a further year to allow the incoming chair of the LSCP an opportunity to shape the longer-term strategy – the new chair would be taking up post at the beginning of May. The LSCP were planning to work with LSB on deep dive research on a yet to be decided area of consumer focussed regulation. The LSCP could help to play a convening role in areas such as rule of law and access to justice.

14. Whilst it was good to see some progress on transparency work, to date not enough had been done. Ideally there would be a consistent framework for consumers in relation to compensation funds and Public Indemnity Insurance. A framework was needed for meaningful quality indicators to give a wider and rich picture rather than focus on a subset such as complaints data. This would give consumers the ability to make informed decisions about their provider.

15. The following points were raised in discussion:
    - The LSB's Consumer Empowerment policy statement would allow enforcement activity to be undertaken on quality indicators if required.
    - The updated Memorandum of Understanding between LSCP and LSB required signing. (**action**)
    - Collaborating and creating synergies between research projects was always welcome.

16. The Board **endorsed** the LSCP work plan.

17. As this was her last attendance before the Board ahead of the end of her second term of office, the Board thanked the Chair of the LSCP for her work with the LSCP and wished her well for the future.

Item 9 - Annual Conference Reflection

18. The Head, Communications and Engagement gave a presentation on the reflections and feedback from the Annual Conference held on 7 March 2024. The following points were raised in discussion:
    - The event had received very positive feedback. The hosting had been effective and hearing the voices of people who needed legal services had been powerful.
    - The planning for the next conference in March 2025 should include how to further encourage networking between sessions and promoting the exhibitors more.

19. The Board **noted** the Annual Conference reflections.

Item 10 - ARAC Update

20. The Chair of ARAC reported that good progress had been made on the interim external audit. The Committee had reviewed the corporate risk register and recommended that the risk on Board diversity be amended to an issue rather than a risk owing to the limited levers the LSB had in this area. The Committee also considered that there was a need for a new risk on professional ethics.

21. Any office move would be expensive and would likely result in space that was less suitable for the LSB. Subject to a strategic discussion at Board at a forthcoming meeting, the Committee considered it may be suitable for the Board to engage with MoJ on this topic.

22. The Board **noted** the ARAC update and **agreed** the ARAC Annual Report.

Item 11 - RNC Update

23. The Board **noted** the RNC update and **agreed** the RNC Annual Report.

Item 12 – Minutes of the Previous Meeting

24. The Board **approved** the minutes as drafted.

Item 13 - Finance Report to 29 February 2024

25. The Board **noted** the Finance Report.

Item 14 - Action Tracker

26. The Board **noted** the action tracker.

Item 15 - Health and Safety Policy

27. The Board **agreed** the Health and Safety Policy.

Item 16 - Forward Look

28. The Board **noted** the agenda.

Item 17 - AOB

29. The next meeting would be held as a hybrid meeting with some attendance in person due to other in-person commitments.

30. The Chair thanked the CEO for his time at the LSB during which he had transformed the organisation into an active and thoughtful regulator working to create a positive agenda grounded firmly in the regulatory objectives. This had helped to galvanise the sector around common themes, with the LSB maximising its convening powers. In particular, his work on anti-money laundering, SLAPPs and the Judicial Diversity Forum demonstrated his leadership and commitment to the sector.

31. The CEO thanked the Chair and the Board for their help and support in creating a professional and productive working environment.

Item 18 - Private Session

32. The Senior Independent Director led a discussion of the Chair’s performance in 2023/24 without the Chair in attendance.