LEGAL SERVICES BOARD (LSB) MINUTES OF THE MEETING HELD ON 25 MARCH 2025

Date: 25 March 2025
Time: 10.30 - 11.20 (Board private session)
11.20 – 14.30 (Board meeting)
Venue: MS Teams

Present: Catherine Brown, Chairing the Meeting
(Members)
Kate Briscoe
Clare Brown
Gary Kildare
Habib Motani
Lizzie Peers
Flora Page
Craig Westwood, Chief Executive
Liz Marshall (Board Apprentice)

Apologies: Christine Nwaokolo (maternity leave)

In attendance:
Stuart Hamill, Head, Finance, IT and Procurement
Angela Latta, Head, Performance and Oversight
Jelena Lentzos, Head, Policy and Delivery
Paul Nezandonyi, Head, Communications and Engagement
Samuel Omolade, Head, Strategy and Research
Richard Orpin, Director, Policy and Regulation
Holly Perry, Director, Enabling Services
Danielle Viall, General Counsel
Heather McLoughlin, Corporate Governance Manager (minutes)
Elisabeth Davies, Chair of the Office of Legal Complaints (OLC) (Item 06)
Paul McFadden, Chief Executive of the Legal Ombudsman (LeO) (Item 06)

In attendance as observers:
Sam Cooper, Communications and Engagement Manager
Clare Brown, Regulatory Policy Manager
Mia David-Biles, Regulatory Policy Associate
Rob Morrison, Regulatory Policy Manager
Elaine Rowe, Programme Manager
Toakase Tonga, Senior Legal Adviser

Item 01 - Welcome and apologies

1. The Chair welcomed Danielle Viall back from parental leave. On behalf of the Board, the Chair thanked Toakase Tonga for her work as interim General Counsel. The Chair welcomed Nina Unger, Executive Assistant to the Chief Executive and Chair to the Legal Services Board (LSB) to her first board meeting.

2. Apologies received from Christine Nwaokolo, Board member and Jelena Lentzos, Head of Policy and Delivery.

Item 02 - Declarations of interest relevant to the business of the Board

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

Item 03 - CEO's progress report

4. The Chief Executive presented the report and invited questions and comments from the Board. The following points were raised in discussion:
    - The Board discussed the planned office move and noted the proximity of the July deadline for LSB to move out of the Rookery. The Board asked what work had been done to understand the impact on colleagues of the office move and how morale was relating to the move; the CEO noted that colleagues who use the office most had been engaged to assess the impact of a move to Stratford. The Head of Finance outlined the development of the value for money assessment.
    - The Board requested a short summary paper on the office move, outlining the emerging business case, including but not limited to value for money, assumptions on level of desk utilisation, and the impact on colleagues **(action).** The Board also requested that they be invited to viewings of the potential new office **(action)**. Board would need to make a decision on accommodation later in spring. Once the business case is developed, SLT would make a recommendation to the Board **(action).**
    - The Board requested an update on the BSB reform programme and discussed what assurance the Board needed to ensure effective delivery. It was noted that a meeting was scheduled for the following day with BSB's Chair and Director General and LSB's Chair, Chief Executive and BSB board lead.
    - The Board discussed the Government's statements on regulation and economic growth. It was noted that conversations and engagement with government and wider stakeholders on this area was ongoing.

5. The Board **noted** the CEO's progress report.

Item 04 - Final LSB Business Plan and Budget 2025/26

6. The Head, Strategy and Research introduced the item, noting the feedback received from stakeholders and the amends made as a result. The Head, Finance, IT and Procurement advised the Board that following feedback from stakeholders, the budget for 2025/26 had been revised from the initial proposal of £6.028m to £5.873m. The Board discussed the following:
    - The Board was content with the changes to the budget and noted the Audit and Risk Assurance Committee's recommendation to approve.
    - The Board noted that the impact of vacancy savings would only be a one-off for 2025/26 budget and that in 2026/27 there could be a commensurate rise in costs from the expenditure items being deferred. The Board was advised that savings from the running costs of the new office arrangements, expected to be less than Rookery, would help to mitigate such increases in staff and other costs.
    - The Board considered that the business plan must remain focused and targeted on the areas where regulation could have the greatest impact. The Board requested further revision of the Business Plan narrative to make clear that we will continue to seek opportunities to support growth and that we will consider and be flexible as to how our processes can be made more efficient, targeted and proportionate **(action)**.

- In future years the documents associated with the business plan consultation should emphasise and focus on the impact of the work of the LSB. This year the response to the consultation should include more detail on LSB engagement with stakeholder feedback received.

7. The Board **agreed** the LSB expenditure budget for 2025/26 of **£5.873m** and LSB capital budget of **£924k**, as endorsed by ARAC at its meeting on 4 March 2025.

8. The Board **discussed and agreed** the proposed final Business Plan 2025/26 (Annex A), the consultation response document (Annex B), and the activity schedule (Annex C) subject to the points made in discussion being reflected.

9. The Board **agreed** that the Chief Executive and the Interim Chair would approve with the above changes, the final LSB Business Plan and Budget 2025/26 ahead of publication.

Item 05 - Annual Regulatory Performance Assessment (RPA) Report

10. The Head, Performance and Oversight introduced the item, summarised the process for the annual performance assessment, including moderation of the results, and shared a presentation with the Board which summarised the RPA report for each of the regulators. The Board noted that.

11. This was the first time that the LSB had reviewed the regulators against all three standards of the performance framework. The Board thanked the team for their work on the RPA and the summary paper.

12. In discussion, the Board identified that the key issues that emerged from the reviews needed to be more clearly reflected in the summary report, which needed to better recognise the different scales of the different regulators and therefore the materiality of the issues captured relating to the SRA and BSB **(action)**.

13. The Board asked that the Executive should now consider how future assessments could be made more targeted and proportionate, reducing the regulatory burden on well controlled regulators and enhancing focus on areas of greatest risk **(action)**.

14. That feedback is sought from regulatory bodies on the process, its impact, and potential improvements, to inform the Board discussion about the LSB’s overall approach to performance and oversight planned for July **(action)**.

15. The Head, Performance and Oversight provided the Board with a summary of the findings for the BSB. The Board noted the ratings against the well-led and operational delivery standards. The Board asked for and received from the Executive detail on why the BSB received a partial assurance rating for effective approach to regulation standard, rather than an insufficient rating, and accepted the rating was appropriate. The Board asked for a summary of the LSB’s historic engagement with the BSB on its performance to be shared with it **(action).**

16. The Head, Performance and Oversight presented the Board with a summary of the findings for the SRA. The Board noted that the SRA’s corporate strategy and business plans provide evidence of its efforts to regulate in the public interest, but concerns about its operational performance were appropriately reflected in the report.

17. The Board thanked the Executive for their work on the report. A paper would be brought to the April Board meeting regarding next steps **(action)**.

18. The Board **noted** the contents of the paper presented and **endorsed** the report, subject to changes requested by the Board, and agreed that the Chief Executive and the Interim Chair should approve the final Annual Regulatory Performance Assessment Report ahead of publication.

Item 06 - OLC Budget Application 2025/26

19. The Chair of the Office of Legal Complaints (OLC) and the Chief Ombudsman of the Legal Ombudsman (LeO) joined the meeting to present the final proposed OLC budget for 2025/26, and business plan.

20. The Chair of the OLC informed the Board that changes had been made to the draft OLC 2025/26 Budget Application proposals considered by the Board at its November 2024 meeting. In particular, there was a revised approach to transparency, case fees, and an increase to employer National Insurance contributions imposed since earlier discussions.

21. The Board welcomed continuing progress on operational delivery in the face of continuing growth in demand. They also welcomed initiatives to work with the sector to improve the handling of first tier complaints with a view to improving the customer experience and reducing the numbers of complaints that require escalation to the Ombudsman.

22. However, the Board were very concerned about a lack of specific, value for money plans to improve the transparency of LeO's decision making, to support learning across the sector and underpin public and professional confidence. They did not consider the proposed approach to publishing summary decisions represented value for money or an adequate plan to improve transparency.

23. In response to this feedback the OLC Chair and Chief Ombudsman outlined a number of specific additional measures they proposed to take to reinforce the plan and improve transparency – including the publication of regular case studies, and the significantly increased use of public interest decision reports aiming to publish approximately 50 per annum.

24. There was some discussion of the role that technology and AI could play in developing this work.

25. OLC and LeO committed to deliver a specific plan to achieve materially enhanced transparency within the limits of the core budget for staffing proposed.

26. In line with the Executive's recommendation, the Board approved OLC budget for 2025/26 of £20,000,679 subject to receipt from OLC of a clear plan to improve transparency during 2025/26 within that funding envelope. The proposed budget of £345,000 which OLC considered was needed to publish ombudsman decision summaries was not approved.

27. The Board requested that following the submission of a summary plan, the Executive would engage further with OLC/LeO on how the plan would be delivered and how the Board would monitor progress against it. **(action**).

Item 07 - Annual Conference reflection

17. The Head, Communications and Engagement shared with the Board that delegate feedback from the Annual Conference, which had been positive. The following feedback was provided by the Board:
    - Overall, the Board thought the event was a success and that it would be important for the LSB to continue to look at the impact of the conference.
    - That the LSB and LSCP were independent bodies, and that balanced views need to be considered and reflected in the panels.
    - That consideration be given to a thematic approach to the conference agenda.
    - That an item be added to the All-Chairs meeting agenda to ask the regulators to share reflections on the annual conference **(action).**
    - That the scale of the venue for future events be considered, to better accommodate the number of attendees and enable the further development of the exhibition and networking areas.

Item 08 - ARAC Update Oral Report of the meeting of the 4 March and ARAC Annual Report

18. The Chair of ARAC provided a summary update of the topics discussed at the ARAC meeting on the 4 March. Topics that were discussed included: the ongoing internal and external audits, the Corporate Risk Register and the need to ensure the risk register as an effective tool, an efficiency paper, verbal update on the lessons learned work. ARAC had also said goodbye to the Director, Enabling Services and thanked her for the support given to ARAC over the years.

19. The Chair of ARAC thanked ARAC members for their ongoing work and engagement.

20. The Board **noted** the ARAC Annual Report and thanked the Chair and members of ARAC.

Item 09 - RNC Update Report of the meeting of the 10 February and RNC Annual Report

21. The Chair of RNC provided a summary update and informed the Board that RNC at their meeting had reviewed the Terms of Reference for the Committee, had received an update on various appointment related matters across the regulators. The Chair of RNC thanked the Board for support on the appointment work.

22. The Chair of RNC thanked RNC members for their ongoing work and engagement and thanked the Board for their support with the various appointments in progress.

23. The Board **noted** the RNC Annual Report and thanked the Chair and members of RNC.

Item 10 - Finance Report to 28 February 2025

24. The Head, Finance, IT and Procurement introduced the item and forecasted that with one month left of the financial year, LSB would be near budget for the financial year 2024/25.

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

Item 11 - Minutes of the previous meeting – 21 January 2025

26. The Board **approved** the minutes as drafted of the meeting of the Board held on the 21 January 2025.

Item 12 - Board action tracker

27. The Board **agreed** the action tracker.

Item 13 - Health and Safety Policy

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

Item 14 - Papers circulated out of committee since last meeting

29. The Board **noted** the papers.

Item 15 - Forward look

30. The Board **noted** the forward look

Item 16 - AOB

31. The Board noted that the Board pack was lengthy and requested that the Executive consider how to achieve more focused packs to support and inform Board decisions **(action).**

32. The Chair, on behalf of the Board, noted that it was the Director, Enabling Services' last Board meeting ahead of her departure from LSB. The Chair thanked the Director for all their work and support over the years. The Board wished the Director success in her next role. The Director, Enabling Services thanked the Board for their support over their time at LSB.

With no further business to discuss the Chair closed the meeting at 14.22