

Minutes of a meeting of the Legal Services Board (LSB)

Date: 18 January 2017
Commencing: 13.00
Venue: Office of Rail and Road, One Kemble Street, London, WC2B 4AN

Present: Sir Michael Pitt Chairman
(Members) Terry Babbs
 Jemima Coleman
 David Eveleigh
 Marina Gibbs
 Jeremy Mayhew
 Dr Helen Phillips
 Catharine Seddon
 Michael Smyth CBE QC (Hon)

In attendance: Nick Glockling Legal Director
 Edwin Josephs Director of Finance and Services
 Julie Myers Corporate Director
 Caroline Wallace Strategy Director
 Toni Whitby Corporate Governance Manager
 (minutes)

In attendance for specific agenda items:
 Steve Brooker Head of Research and Development
 Kate Webb Head of Regulatory Reviews and
 Investigations
 Tom Peplow Regulatory Project Manager
 Graeme MacLachlan Regulatory Associate
 Jenny Prior Business Planning Associate

Observers: Faye Alessandrello

External attendance: None

Item 1 Welcome and apologies

1. Apologies were received from Neil Buckley (CEO). The Chairman welcomed Faye Alessandrello, a new colleague who attended the meeting as an observer. Apologies were received from Alison Wedge, Ministry of Justice (MoJ) Tailored Review Team, who was due to attend to present to the Board at Item 5.

Item 2 Declarations of interests relevant to the business of the Board

2. There were no declarations of interest.

Item 3 Items considered out of Board since 24 November 2016

3. The Board noted that the Finance Report for November 2016 had been circulated electronically on 6 December 2016.
4. The Board noted that proposals for memberships of Board Committees had been circulated electronically on 8 December 2016. The Board had approved the

membership of the Audit and Risk Assurance and Remuneration and Nomination Committees as follows:

- Remuneration and Nomination Committee Membership
Helen Philips (Chair)
Jemima Coleman
Jeremy Mayhew (term commencing 1 January 2017)

- Audit and Risk Assurance Committee Membership
Terry Babbs (Chair)
Marina Gibbs
David Eveleigh (appointment until 30 March 2017)
Catharine Seddon (term commencing 1 January 2017)
Michael Smyth (term commencing 1 April 2017)

5. **The Board noted approval of Board Committee membership and noted the dates of appointment.**

Item 4 Initial response to CMA market study | Paper (17) 01

Steve Brooker attended the meeting

6. The Board considered the Competition and Markets Authority’s (CMA) final report into its legal services market study. The CMA has made recommendations to the LSB that it: monitors and engages with the frontline regulators on their progress in implementing the CMA’s recommendations directed at the regulators; reports publically, at appropriate intervals, on the sufficiency of action plans published by regulators individually and collectively; and reports on the progress in delivery of those actions. The CMA has also recommended that the LSB takes appropriate action where regulators fail to address information gaps.

7. The Board were content with the CMA’s report and noted:

- the outcomes set out in the CMA’s recommendations aligned well with the LSB’s strategic aims and existing policies including the recent vision for legislative reform document;
- it was not necessary for the LSB to seek to chair the implementation group given the potential conflict this could have with the Board’s oversight role. LSB nevertheless had a leadership role and should be a full member of the implementation group. It would be desirable for the LSB’s role to be clearly specified within the implementation’s group’s terms of reference;
- [REDACTED]
- [REDACTED]
- [REDACTED];

- [REDACTED]
[REDACTED]
[REDACTED] [FoIA exempt s36(2)(b)(ii)]
- the MoJ had welcomed publicly the CMA's work and reported that they would respond to it in due course. Any response from the MoJ would be circulated to the Board on receipt; and
- the impact on LSB's limited resources of undertaking the monitoring.

8. [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED] [FoIA exempt s36(2)(b)(ii)]

[REDACTED]
[REDACTED]
[REDACTED]

[FoIA exempt s36(2)(b)(ii)]

Steve Brooker left the meeting

Item 5 Tailored Review Team

9. Apologies had been received from Alison Wedge, MoJ Tailored Review Team. Julie Myers provided an update to the Board on the anticipated timetable for publication of the report and the areas that appeared to be of interest to the Review Team.

Item 6 Changing shape of regulation | Paper (17) 02

Kate Webb and Tom Peplow attended the meeting.

10. The emerging market in authorisation and, in particular, the opportunities for legal services providers to choose their regulator, had been considered by the Board in January and July 2016. A follow up review showed low levels of switching by providers between legal services regulators.
11. The Board noted:
 - the relative paucity of data around entities switching between regulators
 - the informality of sharing information between regulators about specific providers when those providers switched.
12. The LSB would continue to monitor but future monitoring would need to be able to assess more accurately the scale and nature of risk associated with any future increased volume of activity.
13. The Board proposed that a letter go to each of the CEOs of the front line regulators to advise them that the LSB will be monitoring the situation and that information currently shared between regulators when providers switched between them might be of particular interest to the LSB. The Board asked that consideration be given in this

work to the role of the Legal Ombudsman and Office of the Immigration Services Commissioner (OISC). Regulators would need to ensure appropriate safeguards and rigour around switching to ensure that those switching were doing so for legitimate business reasons rather than to bypass regulation.

ACTION: A letter to each of the CEOs on LSB's monitoring of switching between the frontline regulators.

14. **The Board noted the findings of the review and agreed to ongoing monitoring activity subject to Board feedback set out above.**

Tom Peplow left the meeting.

Item 7 Diversity – the role of the regulators in driving improvement | Paper (17) 03

Graeme MacLachlan attended the meeting.

15. Under the Legal Services Act 2007 encouraging diversity in the legal profession is a specific regulatory objective. A consultation on proposed changes to the LSB's diversity guidance for regulators ran from 29 September for nine weeks. Nineteen responses had been received from regulators although there had been no feedback from ICAEW.

16. The progress of regulators in embedding the new diversity outcomes in their work would be looked at in August 2017. The LSB would also undertake a self-assessment against the outcomes in the new version of the guidance. The LSB should emphasise in its communications that it was in no way 'rowing back' from its commitment to diversity by moving from a prescriptive approach to an outcomes-based approach.

17. The LSB's vision statement, currently with the CEO, would be circulated to the Board. Although our vision statement does not specifically mention diversity, it does state we work as an agent for change.

ACTION: CEO to circulate LSB vision statement (January).

18. **The Board noted the responses received to the LSB's diversity consultation. The Board AGREED the LSB's response to the consultation. The Board AGREED to the publication of the Guidance under Section 162 of the Act.**

Kate Webb and Graeme MacLachlan left the meeting.

Item 8 Minutes of the previous meeting

19. The minutes of the meeting held on 24 November 2016 had already been approved via electronic correspondence and published on the website. The minutes would be signed by the Chairman as an accurate record.

Item 9 Action tracker

20. All actions were noted as on track, and all items had either been included on the agenda or are on the Board forward plan for future agendas.

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

– Coffee break –

Item 10 Chief Executive's progress report | Paper (17) 04

Jenny Prior attended the meeting.

22. In the CEO's absence, Julie Myers presented the CEO progress report, covering the period November to January and highlighted the following items:

- the appointment of a new Board Chair. The process will be conducted under the new Cabinet Office Governance Code on Public Appointments;
- longlist meetings have taken place in respect of the Chair and new non-lay member of the OLC with shortlisting end of January;
- [REDACTED]
[REDACTED]
[REDACTED]
[FOIA exempt s36(2)(b)(ii)]
- the departing CEO of The Law Society's resignation letter [REDACTED]
[REDACTED] **[FOIA exempt s36(2)(b)(ii)]**
- the publication of the Triennial Report on OISC setting out a small number of recommendations in which LSB was referenced.

23. **The Board noted the contents of the Chief Executive's progress report.**

Item 11 Q3 performance report | Paper (17) 05

24. **The Board noted the performance report for Q3.**

Jenny Prior left the meeting.

Item 12 Finance report for December 2016 | Paper (17) 06

25. Edwin Josephs provided a report on LSB finances which was in line with expected and forecasted variances in spending.

26. **The Board noted the finance report.**

Item 13 Any other business

27. Proposed a potential speaker to attend a future Board meeting, subject to board timetable and agenda.

Nick Glockling, Edwin Josephs and Caroline Wallace left the meeting.

BOARD PRIVATE SESSION

Board Members held a private session.

There being no further business the meeting closed at 4 pm.

Date of next meeting

The Board would next meet on 23 March 2017 at 2 pm. The meeting will be held at the Solicitors Regulation Authority (SRA) offices.

Signed as an accurate record of the meeting

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Date
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