

<b>To:</b>	Legal Services Board		
<b>Date of Meeting:</b>	29 November 2018	<b>Item:</b>	Paper (18) 64

<b>Title:</b>	Draft business plan and budget		
<b>Workstream(s):</b>	Business plan development		
<b>Author:</b> <b>Introduced by:</b>	Steve Brooker, Head of Research and Development Caroline Wallace, Strategy Director Rusere Shoniwa, Interim Finance Director		
<b>Status:</b>	Official		

### Summary:

At Annex A, the Board will find a draft consultation paper incorporating a draft business plan for 2019/20 and our proposed budget for the year. The consultation paper and draft business plan introduce the proposed new five-year policy objectives, as agreed by the Board at its meeting on 24 October.

The business plan is based on a proposed budget of £3,798k, which is the same as in 2018/19. This was scrutinised by the Board's Audit and Risk Assurance Committee (ARAC) in October and comes with their endorsement.

The intention is to launch the public consultation on our draft business plan and budget in w/c 3 December. The consultation process, which will include a stakeholder event, will run for 12 weeks and the Board will be asked to approve the final business plan at its March 2019 meeting.

### Annexes

Annex A: Draft consultation paper incorporating a draft business plan for 2019/20 and our proposed budget for the year

### Recommendation(s):

The Board is invited:

- (1) to review and discuss the draft business plan consultation document
- (2) agree that the Chief Executive approve the document to be issued for consultation
- (3) agree to consult on the basis of a draft budget for 2019/20 of £3,798k (2018/19 £3,798k)

<b>Risks and mitigations</b>	
<b>Financial:</b>	Funding is guaranteed through the levy and the Executive and ARAC members believe, based on information currently available, that the Business Plan can be delivered within the proposed resources.
<b>Legal:</b>	[REDACTED]
<b>Reputational:</b>	[REDACTED]
<b>Resource:</b>	[REDACTED]

<b>Consultation</b>	<b>Yes</b>	<b>No</b>	<b>Who / why?</b>
<b>Board Members:</b>	X		The Board was consulted through a strategy session in September and has previously agreed the five-year policy objectives at its meeting on 24 October.
<b>Consumer Panel:</b>	X		The two chairs have discussed the five-year policy objectives and the LSCP Secretariat has been engaged in colleague discussions. These issues were discussed at the Board-to-Board on 7 November. The Strategy Director will attend the LSCP January meeting to discuss our plans.
<b>Others:</b>			The Chair and CEO have begun to socialise the five-year policy objectives with key stakeholders.

<b>Freedom of Information Act 2000 (Fol)</b>		
<b>Para ref</b>	<b>Fol exemption and summary</b>	<b>Expires</b>
Risks and mitigations: Legal	Section 42: information subject to legal professional privilege	N/A

Risks and mitigations: Reputational and Resource	Section 36: intended to promote a free and frank exchange of views for the purposes of deliberation by the Board.	N/A
Annex A	S22: information intended for future publication	On publication

## LEGAL SERVICES BOARD

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### Draft business plan and budget

#### Background / context

1. Building on the strategy session at its September meeting, at its October meeting the Board agreed to pursue three five-year policy objectives. These will be the focal points of future business plans and are as follows:
  - The regulators have appropriate frameworks for continuing assurance of professional competence throughout the careers of the people they regulate
  - The LSB is perceived as being at the forefront of enhancing public legal education
  - Access to legal services is increased through the promotion of responsible technological innovation that carries public trust
2. The Board has also agreed that the strategic objectives do not need to change.
3. Since the October meeting, the executive has developed a draft business plan for 2019/20, describing the work that we propose to pursue during the second year of this strategic period. This was informed by consultation with all colleagues at the colleague away day.
4. We now need to consult publicly on the draft business plan. To this end, the Board is invited to review and discuss the draft business plan consultation document, which is included at **Annex A**. It is proposed that the Chair and CEO sign off on the final document that goes out to consultation.

#### Proposed business plan consultation

##### *Presentation*

5. Last year we switched to a slide-based presentation of the business plan. Since feedback to this was largely positive a similar presentation has been adopted this time. This means the actual business plan is text-light, while the accompanying consultation paper contains further background, context and justification to supplement the draft business plan.

##### *Draft business plan 2019/20*

6. The Board has already committed publicly to a number of areas of work that will be progressed during 2019/20. These activities build on work undertaken in the current business plan period. The main commitments include:
  - Implement the revised internal governance rules

- Continue to implement our revised regulatory performance framework
  - Continue to monitor the progress of the regulators to improve consumer transparency following the CMA's market study in 2016
  - Complete the individual legal needs survey in partnership with the Law Society
  - Commission a collection of papers, with linked discussions, exploring the regulatory implications of technology from a diverse range of perspectives
  - Respond to the regulatory consequences of the UK's exit from the EU.
7. We are also anticipating a busy year for statutory decisions, which is likely to include the following complex and potentially contentious applications:
- three applications from the SRA following its 2018 consultation on changes to its Professional Indemnity Insurance and Compensation Fund arrangements
  - an application from the BSB following its Future Bar Training reform programme
  - the BSB's proposed rules to increase market transparency.
8. The work packages that sit underneath the five-year policy objectives (which the Board has previously discussed) represent most new areas of work in 2019/20.
9. In addition to work packages linked to the five-year policy objectives, two other new areas of work are proposed:
- Market Evaluation – our triennial market evaluation, which is our flagship analysis of market outcomes associated with the delivery of the regulatory objectives, falls due for completion before the end of the 2019 calendar year
  - A thematic review of non-regulatory permitted purposes.

## **Proposed budget 2019/20**

### *ARAC consideration*

10. The proposed budget was scrutinised by ARAC members sitting as a finance committee prior to its 2 October meeting. Subject to the contingencies highlighted, the committee is expected to recommend the proposed budget of £3,798k (the same as in 2018/19) to the Board at its meeting on 29 November.
11. Ministry of Justice officials have confirmed inclusion of this level of proposed budget in the 2019/20 overall departmental budget. Approval of the budget by MoJ is expected in Q4 of the current financial year.
12. Key factors affecting our resourcing plans are as follows:
- Ensuring we have sufficient resources to deliver our statutory functions, duties and responsibilities. The Act requires the LSB to carry out 'demand-led' activities such as approving rule change applications and practising certificate

fees, designating new licensing authorities, approving the budget of the SDT and undertaking our responsibilities in relation to the OLC

- No change in overall colleague numbers. Direct payroll costs (including Board, OLC Board and Consumer Panel members) comprise 72% of the total budget. The current 2018-19 staff, Board and Panel complement will remain essential to the delivery of our 2019-20 work plan and will therefore be maintained
- All other fixed costs (accommodation, depreciation, office costs, outsourced services and IT) are expected to remain constant with the possible exception of IT and premises costs, which are subject to contingencies which cannot yet be reliably estimated owing to the early stage of the related projects. A premises relocation is planned for Q3/Q4 of 2019-20 and IT renewal is planned for Q1/Q2 of 19-20. We will aim to manage the impact of these projects within current budgetary levels
- Maintaining our budgeted levels of research at the same commitment as the previous two years, ie £100k - to ensure we have a robust evidence base for our regulatory decisions and work
- As in past years, no provision is made in the budget for defending judicial reviews. Reviews arising will be handled on a case-by-case basis in dialogue with the Ministry of Justice.

13. We have made a public commitment to driving efficiency savings and securing value for money in our work and to date, we have consistently beaten these aspirations.

### **Next steps**

14. The intention is to consult publicly on our draft strategy and business plan for a twelve-week period from w/c 3 December. As usual, we will hold a stakeholder event during the consultation period.

15. The budget will require Ministry of Justice approval and we have been assured that the figure of £3,798k is included in the departmental submission. We have agreed that the draft business plan and budget will be submitted to Ministers after consultation has concluded in February. Whilst Ministers do not approve the LSB's business plan, authority to raise the levy (to meet the budget) is by consent of the Lord Chancellor.

16. Following public consultation, an LSB response to the consultation and the final business plan will be prepared and presented to the Board in March. The new business plan will need to come into force from the start of April 2019.