

To:	Legal Services Board	
Date of Meeting:	24 April 2018	Item: Paper (18) 19

Title:	Chief Executive's progress report – April 2018	
Strategic theme	All	
Introduced by:	Neil Buckley, Chief Executive neil.buckley@legalservicesboard.org.uk / 020 7271 0057	
Status:	Official	

Summary:
<p>This paper updates Board Members on key developments across the organisation since the March 2018 meeting. The Board's attention is drawn, in particular, to the following matters:</p> <ul style="list-style-type: none"> • The LSB Chair interviews are due to conclude in April, with a decision hopefully in June. • The Solicitors Disciplinary Tribunal (SDT) reports to us annually on key performance measures. A summary is provided in my report. Overall, it shows performance is stable compared to the previous year, with most of the performance targets achieved, in the context of a one-third increase in caseload. • A number of new colleagues have joined the team in recent weeks, and recruitment continues at pace.

Recommendation:
The Board is invited to note this report.

Risks and mitigations			
Financial:	N/A.		
Legal:	N/A.		
Reputational:	N/A.		
Resource:	N/A.		
Consultation	Yes	No	Who / why?
Board Members:		✓	Routine report
Consumer Panel:		✓	Routine report
Others:	N/A.		
Freedom of Information Act 2000 (Fol)			
Para ref	Fol exemption and summary		Expires

Para's 33 and 34 Annex C	Section 36(2)(b)(i): information likely to inhibit the free and frank provision of advice	
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LEGAL SERVICES BOARD

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CHIEF EXECUTIVE'S PROGRESS REPORT – APRIL 2018

Ministry of Justice (MoJ) matters

Appointment matters

1. On 29 March 2018, we were notified by the Ministry of Justice that Dr Helen Phillips had been re-appointed for a second term as an ordinary member. The re-appointment is for a period of five years running from 1 April 2018 to 31 March 2023. MoJ confirmed that the interim Chair term of appointment continues and will expire when a new Chair is in post and able to start.
2. MoJ officials wrote to me after the ARAC meeting to apologise for the delay in concluding the Chair recruitment. They explained that the General Election coupled with other subsequent Ministerial changes had lengthened the originally planned timetable. Interviews are scheduled to conclude in April. Thereafter, the MoJ will consult the Prime Minister and the Lord Chief Justice on the appointment and therefore anticipate that the Chair will not be in place until June at the earliest.
3. On 13 March, we received the Lord Chancellor's approval to appoint Adam Cooper as a member of the Legal Services Consumer Panel. Adam took up the post on 10 April 2018.

Other sponsorship matters

4. We are in the process of putting together our return to MoJ for their 2018 Impact Support and Analysis (ISA). The aim of the ISA process is to provide assurance to the Principal Accounting Officer and the department's Executive Committee that an evidence based assessment has been made about how an ALBs business for the year ahead impacts and aligns with that of the Department; how best the department can support its ALBs to deliver; and the optimum partnership arrangements for 2018/19.

Governance

Office for Legal Complaints

Performance

5. We are due to receive the next set of performance data, which will include the overall Q4 data, in advance of the OLC Board meeting on 23 April.
6. I will update the Board orally on any other developments.

OLC Business Plan and Budget 2018/19

7. The OLC's finalised business plan and budget for 2018/19 has been published. The business plan incorporates a finalised set of revised KPIs.

Scheme rules

8. Following the Board's decision at its last meeting I have written to OLC to confirm our consent to the proposed changes in the Scheme Rules. My letter and the application has been published on our website.

Gender pay gap report

9. The OLC has published a gender pay gap report for 2017. Although its staff count at the time of reporting was under the 250 threshold it has published its findings on a voluntary basis in the interests of transparency. The report highlights that on average male staff were paid 10% more than female staff (similar to the 11% gap reported by the civil service). The main reason for this gap is that there were more men than women in senior roles at the time of the report. It suggested that initiatives underway through the modernisation programme such as changes in its management structure, flexible working, participation in the Working Families initiative and a focus on career pathways will have a positive impact on the gender pay gap.

SDT annual report to LSB on its performance

10. The Solicitors Disciplinary Tribunal (SDT) reports to us annually on key performance measures. A summary is provided in **Annex A**. Overall, it shows performance is stable compared to the previous year, with most of the performance targets achieved, in the context of a one-third increase in caseload.
11. Our statutory relationship with the SDT in relation to performance is not akin to our role with respect to the OLC, i.e. the SDT's annual report is a voluntary arrangement and we have no powers to set performance targets.

Colleague and organisation matters

12. I am pleased to report the following progress in relation to colleague appointments:

- Giorgio Castellano has joined us from Ipsos Mori on 19 March taking up the Research Analyst position;
- Paul Greening was appointed as a Regulatory Policy Manager with effect from 1 April, following a competitive recruitment process. Paul will continue to oversee and lead on much of our statutory decisions work as well as leading other policy and regulatory work;
- Danielle Viall took up the post of Interim Senior Legal Adviser on 4 April, joining us from the Financial Reporting Council;
- Ben Cavanagh joined the LSB as Regulatory Policy Associate on 16 April – Ben has had past roles in the third sector, Advertising Standards Authority and the Cabinet Office;
- Steven Violet is scheduled to join us on 25 June as a Regulatory Policy Associate. Steven was formerly a personal injury solicitor and currently has a policy role at the Law Society.
- Gabbie Stewart, who has been on maternity cover for Puja Vadgama, has been appointed to another of the Regulatory Policy Associate roles. Recruitment for maternity cover for Gabbie is in hand (Gabbie will be starting maternity leave on 18 May).

13. I will provide a verbal update on other appointments which are in the process of being concluded.

Regulatory developments

Horizon scanning

14. The horizon scanning report can be found at **Annex B**. The table has been amended slightly to align with the finalised indicators of success in the 2018-2020 strategy, including a new metric showing the trend on overall consumer service satisfaction. Further, a new column for the 2018 year has been added.

Cost transparency by regulators

15. During the Board's discussion on this topic at its March 2017 meeting we undertook to provide a progress report in a year's time.

16. In March 2017 we shared with the Board a set of principles and good practice guidance which were developed in collaboration with the front-line regulators. The regulators all voluntarily agreed to follow the principles, publish an annual cost statement with core metrics, and to have regard to the good practice guidance

which included additional metrics and a commitment to continuous improvement over time.

17. As agreed by the Board in March 2017, we have been monitoring the progress made by the regulators. I am pleased to report that all the regulators published a cost statement on their websites. With one minor exception, each has reported on all the core metrics. There was more mixed performance on the additional metrics and in some cases the cost statements could be made more accessible and/or prominent. As a next step I intend to write tailored letters to CEOs acknowledging what each has done well, and identifying where further improvements can be made.

Equality and diversity

18. The format and scope for the formal diversity assessment has now been agreed with the regulators. The formal assessment is planned to commence in August 2018.

Internal Governance Rules

19. There is a separate agenda item covering the IGR review.

Research

20. The main developments since the last meeting are:

- Small business legal needs survey – the OECD is using the research methodology to develop a model survey for use by other nations. We have been invited to present our work at the international launch of the OECD's work in Riga, Latvia in July.
- Innovation – the fieldwork is completed and analysis will begin soon.
- Individual legal needs survey – we expect to agree a partnership arrangement shortly which will allow this work to begin.
- Market intelligence hub – the overall framework is in advanced development and we have started to collect together the data.
- Market Evaluation – following the publication of LSB strategy we have revised the market evaluation framework to better fit our priorities over the 2018-2021 period. To ensure continuity with past evaluations this maps the current framework to the 2018-21 strategic objectives.

TLS / SRA investigation

21. There is a separate agenda item covering the investigation.

Regulatory performance

22. Following a review of the information we hold on the legal service regulators' performance, as well any other relevant publically available information that we

have been able to find, we have carried out a gap analysis of the regulators' performance against the revised Regulatory Performance Standards. From this, we have been able to identify those areas of performance where we require further information or clarification. In May 2018, we will be sending each of the regulators a targeted information request. We hope that the regulators' responses will provide us with sufficient assurance to enable implementation of the revised framework, without the need for a programme of more formal transitional reviews.

Commission on Justice in Wales

24. The preparation of our submission, due by 4 June, is underway. As part of our submission, following discussions with officials in Lord Thomas' review team, research colleagues are preparing a data pack based on our large-scale surveys which will show results tailored to Wales.

Financial stability and the compensation fund

25. Board members may have read the recent coverage of a speech by Paul Philip at the Law Society's annual Risk and Compliance conference, in which he drew attention to the possible impact of 'get-rich-quick' schemes, fronted by law firms, on the compensation fund. In his speech, Paul warned that one such scheme could have a serious impact on the fund. This issue has been an area of focus since the collapse of the Ecohouse investment scheme. His speech was a precursor to the launch on 23 March of the SRA's consultation on proposed changes to its PII arrangements and its compensation fund rules 'Protecting the users of legal services: balancing cost and access to legal services' (closing date: 15 June).
26. A brief paper, providing further detail on the SRA consultation and discussing the wider implications of this work in relation to the financial stability of law firms, is attached at **Annex D**.
27. I will be raising the question of how the SRA looks at the financial stability of firms, and the extent to which the SRA picks up on learnings in this area from the FCA and other regulators, in my regular CEO-CEO discussions with Paul Philip.

Statutory decisions

28. Since the last Board meeting on 22 March, the LSB has made one statutory decision, the approval of the SRA's application for amendments to its regulatory arrangements in respect of the authorisation of individuals.
29. The changes provide the regulatory framework that will allow the SRA to develop the detail of its proposed Solicitors Qualifying Examination (SQE). As recorded in the decision notice, the approval of the regulations is not sufficient on its own to allow the SQE to come into force. The SRA will need to submit a further application setting out the detail of the SQE once it is developed. The SRA is likely to make that application in 2019. There was some coverage in the legal

trade press and minor enquiries following publication, but thus far there has not been a significant stakeholder response to the LSB's decision.

30. We have continued our assessment of the CILEx Licensing Authority application. Our current aim is for our recommendation on the application to go to the May Board.

31. We are also currently considering an exemption direction application from the ICAEW in relation to its enforcement committees' frameworks.

Legal issues

General Data Protection Regulation ("GDPR") compliance project

32. The LSB continues to work towards ensuring that the LSB is fully compliant with the GDPR by 25 May 2018. With the benefit of an expanded project team, additional resources are now available to complete all remaining tasks. This includes the finalisation of internal documentation, including a revised privacy notice and HR policies. Part 1 of staff training (a general overview of the GDPR and the Data Protection Bill 2018) was undertaken on 10 and 23 April, and Part 2 is set to take place during the week commencing Monday 7 May.

[REDACTED]

33. [REDACTED]

[REDACTED]

34. [REDACTED]

Communications and external engagement

35. Since the last report to the Board, the LSB has:
- Published its three year strategic and business plans; and
 - Announced its decision on the SRA's SQE application.
 - Written an article on the Small Business Legal research for the Law Society's Legal Compliance Bulletin.
 - Assisted (via the Corporate Affairs Associate) in the organisation and delivery of the UKRN's annual conference.

- The table below lists all of my and the Interim Chair's meetings held or due to be held since the last Board meeting. Copies of the meeting notes are available on request.

Meeting	With	When	What
James Wakefield, COIC	NB	26 March 2018	Bi-annual CEOs
Malcolm Cree, Bar Council	NB	3 April 2018	Bi-annual CEOs
Amelia Wright, MoJ	NB	4 April 2018	Regular catch up
Rob Powell, LeO	NB	6 April	Regular catch up
Alison Wedge, MoJ	NB	11 April 2018	Regular catch up
Paul Philips, SRA	NB	13 April 2018	Monthly CEOs
Legal Ombudsman Business assurance Meeting	NB	24 April	Regular meeting with MoJ

Q4 performance report

36. Owing to the proximity of the quarter end date and Board paper dispatch date the Q4 report will be circulated out of committee by correspondence.