

REPORT TO: CILEx REGULATION BOARD

FOR: DISCUSSION

DATE: 18 JULY 2017

REPORT TITLE: Q2 PERFORMANCE: APRIL TO JUNE 2017

SUBMITTED BY: Jill Durham, Director of Policy and Enforcement
Vicky Purtill, Director of Authorisation and Supervision

PURPOSE OF REPORT:

- 1 To report the development of the Business Plan and Q2 progress; to propose revision arising from the development of activities to deliver the Business Plan to one aspect of a strategic objective; to report operational performance in Q2; to report LSB proposals for new style regulatory standards assessment including continuous performance reporting.

BACKGROUND:

- 2 The Board at its April meeting reviewed development thus far of the Business Plan to deliver the Board's rolling three year strategic objectives. The time available between then and finalisation of the Board's Strategy did not allow for the Plan to be fully developed. The Plan was therefore reported to April Board as a work in progress. The Board agreed a new performance framework in 2016 with quarterly high level reporting.
- 3 At its April 2017 meeting the Board identified its monitoring of performance as an area for further development and asked the office to report proposals to strengthen its role in this regard.
- 4 The office reported to an earlier meeting on preliminary proposals by the LSB to revise its regulatory standards assessment framework.

KEY ISSUES FOR CONSIDERATION:

2017 Business Plan:

- 5 Further work has now been undertaken to identify Business Plan work streams to deliver the Board's strategic objectives (Appendix 1). These are set out with a status report and next quarter's milestones. Some of the items in the draft version of the Plan reported to April Board have been redeveloped or rescheduled. A note of these is attached at Appendix 2.
- 6 There are two significant work streams involving collaboration on Group projects, namely the procurement and implementation of a new CRM (1) and the transition to the new Group governance structure (2). Our role in these and the resource commitment required will emerge more clearly over the next

period. These are tracked in the Plan especially given the resource implications for the office, although we have only partial control over delivery.

- 7 Progress against the Plan will be reported quarterly to the Board. Progress against the Plan and associated delivery plans is reviewed monthly by Senior Management Team and will be reported by exception in between quarterly reviews.
- 8 The Board will be invited to review the reporting format at the end of 2017, by which time the LSB proposals for continuous performance reporting, as part of regulatory standards assessment, may be clearer.
- 9 The plan refers to the following associated delivery plans:
 - Diversity Action Plan (Appendix 3): this will demonstrate compliance with LSB revised Diversity Guidance. Delivery against this plan will be monitored by the LSB with an informal progress review this summer and formal assessment in August 2018. The plan is currently in an LSB supplied template and milestones are in development;
 - Entity/ABS Plan (Appendix 4): this is the project plan for the development of entity and ABS regulation;
 - CMA Action Plan: published 30 June 2017 and reported separately to this meeting.
- 10 The Business Plan also refers to the Group's CRM procurement project plan, which is accessible in [CRL Board](#) Sharepoint, and to CILEx developing a Practice Rights and Entity Marketing Plan.

2017-2020 Board Strategy:

- 11 The first of the Board's published three year strategic objectives is to ensure that the needs of the consumer inform all our work by:
 - Delivering the recommendations of the CMA legal services market study;
 - Improving our understanding of consumer needs and perspectives through desk research and better use of available resources, including the expertise of the Legal Services Consumer Panel; and
 - Introducing staff consumer champions.
- 12 Following further development of activities to meet this strategic objective, we believe we can add more value by substituting linkage of our consumer impact assessment to the development of our regulatory arrangements, instead of introducing staff consumer champions. Following discussion with the Chair it is therefore proposed that the Strategy be updated to replace the third bullet above with the following words:
 - *'linking our consumer impact assessment to the development of our regulatory arrangements'*.

Q2 operational performance:

- 13 Performance for Q2 is attached at Appendix 5. Due to the papers for this meeting being finalised so soon after the end of Q2, some data was not yet available and will be included in the report on Q3. For Q3 we will aim to compare traffic on the main website with traffic on Regulation Matters.
- 14 Movement in the number of individuals regulated reflects the deregistration process in respect of those not renewing their membership subscription or taking up the PCF renewal for 2016. Work-based learning portfolio intakes remain buoyant and processing times for these and practice rights and advocacy applications are down significantly. Numbers of individuals non compliant with CPD requirements for 2015-16 are down from 873 at the end of Q1 to 322, and are reducing further as a result of chasing routines ahead of referral for enforcement.

LSB Regulatory Standards Assessment 2015-16:

- 15 Our final progress report against our Action Plan arising from the LSB's regulatory standards assessment 2015-16 was delivered to the LSB in June (Appendix 6). They published a final report on our delivery of agreed actions on 3 July 2017 (Appendix 7):
- 16 This report recognises progress in most areas particularly in understanding the needs of consumers, risk and transparency. The report also recognises ongoing work to improve regulatory standards, such as publishing a supervision policy. This is covered in the Business Plan in relation to the development of risk based supervision of individuals.
- 17 A number of cross cutting actions from the LSB's 2015-16 regulatory standards assessments were monitored through a separate all-regulator Action Plan (Appendix 8). These have largely been superseded by regulators' CMA Action Plans and no further reporting to LSB is anticipated.

LSB Regulatory Standards Assessment 2018 onwards:

- 18 On 20 June 2017 the LSB published a consultation on a new regulatory standards assessment model designed to:
 - be more representative of key areas of regulatory risk (for example, covering authorisation and education and training) and to remove duplication and ambiguity amongst indicators outlined under each standard;
 - be more systematic and to utilise an ongoing approach to gathering information and evidence about regulators' performance;
 - be more proportionate, risk-based and targeted with greater clarity as to whether the process assesses performance against minimum standards required for effective regulation or 'gold-plated' regulation, and
 - more accurately reflect by grading scale regulators' current performance rather than the progress the regulators' have made and intend to make.

- 19 The proposals are not dissimilar to those shared with regulators for informal input earlier in the year. The consultation is open until 25 September. In the meantime, we are working with the LSB to agree the format for ongoing performance reporting to the LSB by adapting their proposed performance reporting template at Appendix 9. We are scheduled to meet with the LSB on 25 July at working level to discuss how this framework can be adapted to reflect our business and how frequently LSB are likely to require data, having regard to their wish to take a proportionate approach.
- 20 As far as we know at this stage, LSB are not proposing to publish ongoing data reporting in real time. However, the Board may wish to consider whether and when it would like to publish quarterly performance reports to Board in the interests of further transparency. At that point, the Board may also wish to consider publishing ongoing data returns submitted to the LSB.

RECOMMENDATIONS:

- To note the proposed format for Business Plan progress reporting.
- To note progress in Q2 against Business Plan objectives.
- To note the position in relation to associated delivery plans.
- That bullet three of the consumer strategic priority in the Board's published strategic objectives be amended as referred to in this report.
- That the Q2 update on performance against Business Plan be received.
- To note LSB consultation proposals for a new regulatory standards assessment model and continuous performance reporting.
- To consider whether and when to start publishing performance data reported to the Board.

APPENDICES:

- Appendix 1: Q2 Business Plan update
- Appendix 2: Note on business plan changes since April Board
- Appendix 3: Diversity Action Plan latest
- Appendix 4: Entity/ABS Plan latest
- Appendix 5: Q2 performance indicators
- Appendix 6: Regulatory Standards Assessment 2015-16 Action Plan FINAL - CRL
- Appendix 7: LSB report 3 July 2017
- Appendix 8: Regulatory Standards Assessment 2015-16 Action Plan FINAL – all regulators
- Appendix 9: LSB proposed new ongoing reporting template for regulatory standards assessment (subject to consultation)