

**LEGAL SERVICES COMMISSION BOARD**

**MINUTES OF THE MEETING HELD ON 26 JANUARY 2011**

***[Note: These minutes are subject to be reviewed and the information that is exempt from disclosure under the Freedom of Information Act will be deleted and replaced by an explanation of the exemption that applies.]***

**Present:** Sir Bill Callaghan, Chair  
Barry Elliott  
Tom Jones OBE  
Julian Lee  
Beryl Seaman CBE  
Dr David Wolfe  
Carolyn Downs, Chief Executive  
Owen Mapley, Finance Director (for agenda items LSC11/06, LSC11/11 and LSC11/12 only)

**Attendees:** Hugh Barrett, Executive Director for Commissioning  
Hazel Parker-Brown, Executive Director for Corporate Services  
Helen Riley, Director of Case Management  
Ruth Wayte, Director of Legal, Commissioning and Operational Policy  
Holly Perry, Head of CEO's Office and Governance  
Hannah Stephenson, Corporate Governance Officer (minutes)

**For particular items:** LSC11/08 John Sirodcar, National Relationship Director (Large Accounts)  
Jane Harbottle, Senior Contract Manager, Direct Services

LSC11/09 Damon Norville, Programme Director for the Integrated Delivery Programme

LSC11/10 Sandra Corrigan, Director of HR and Organisational Development

**Announcements:** The Chair welcomed Owen Mapley to his first Board meeting since formally taking up the post of Finance Director on 1 December. Carolyn Hamilton, who left the Board on 31 December 2010, was thanked for her work as a Commissioner. The Chair also thanked Hazel Parker-Brown, attending her last Board meeting before leaving the LSC, for her work for the Commission. Carolyn Downs and Lionel Joyce, a former Commissioner, were congratulated on receiving New Year's honours.

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**The minutes of the meeting held on 24 November 2010 were approved.**

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**Matters Arising**

There were no matters arising.

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## Agenda

### LSC11/01 Frequency of board meetings (circulated out of committee on 21 December 2010)

It was emphasised that the Board needed to be kept adequately informed of latest developments in a timely fashion to ensure that it was able to continue to discharge its statutory obligations. The Commission was however keen to reduce wherever possible the admin burden on staff involved in preparing papers and reports for the Board.

The Commission agreed to keep all 2011 meeting dates in diaries, but to use alternate months to discuss single issues and reduce the meeting length to two hours if the Chair and Chief Executive considered that a full meeting wasn't necessary **(BC/CD)**.

Ongoing.

In addition, the Board agreed that the LSC should continue with existing monthly performance and financial reports out of committee where a full meeting did not take place **(OM)**.

Ongoing.

It was agreed that the next Board meeting on 23 February would be shortened to two hours, to run from 11am to 1pm, and the focus of the agenda would be on the Draft Business Plan 2011/12 and a session on Crime Best Value Tendering **(CD/HB)**.

Completed. Agenda items LSC11/13 and LSC11/14 refer.

Due to holiday absences the Commission agreed to re-schedule the meeting on 27 April to the first week of May **(HS)**.

Completed. The meeting was re-scheduled to take place on 4 May 2011, from 10am to 1pm.

A paper on the family re-tender would be provided at the March meeting **(RW)**.

This has been added to the agenda plan for the Board meeting on 30 March.

The Chair of the Audit Committee and the Chief Executive would have a separate discussion about the Internal Audit reporting process **(BE/CD)**.

In hand/ongoing.

### LSC11/02 Executive Agency Transition – Bill and legislation update (circulated out of committee on 17 January 2011)

The Chief Executive confirmed that Commissioners' views had been fed back to MoJ's Bill team, but that ultimately the legislation was owned by MoJ.

***[Freedom of Information Act 2000 Exemption: s36 – the free and frank exchange of views for the purpose of deliberations]***



Completed.



In hand/ongoing.



Post-meeting update: MoJ subsequently agreed to reduce the number of Commissioners to four by way of statutory instrument. The meeting between the Chair and Secretary of State is scheduled to take place on 21 March 2011.

The Commission noted the update.

**LSC11/03      Legal Aid Reform – Commissioners’ formal response**

A non-executives’ only discussion of the Commissioners’ draft formal response to the Legal Aid Reform consultation was held and the following amendments were agreed:

***[Freedom of Information Act 2000 Exemption: s36 – the free and frank exchange of views for the purpose of deliberations]***



Completed.

A tracked changes version of the updated response would be circulated out of committee, reflecting comments detailed in the discussion **(HB)**.

Completed. A tracked changes version of the response was circulated for comment by Holly Perry on 27 January 2011.

It was agreed that the Chair would sign off the final response to the consultation on the Commission's behalf **(BC)**.

Completed. The Chair signed off and sent the Commissioners' final response to the Secretary of State, on behalf of Commissioners, on 7 February 2011.

#### **LSC11/04 Executive Agency Transition – Business Case update**

The Chief Executive informed the Commission that the agreement by the Pension Trustees to apply the Consumer Price Index to the pension schemes would neutralise the pension deficit, addressing one of the main areas for discussion in the Business Case, which was now signed off by the MoJ.

Commissioners raised concerns about wording within the Business Case but accepted that this was an MoJ document.

The Commission noted the approved Business Case.

#### **LSC11/05 Commission feedback session**

The Commission noted the Chair's prior approval of the two IT transformation invoices. The Board delegated authority to the Chief Executive to approve invoices in future, where the Board's prior approval had already been given to incur expenditure over £1m, referring them to the Board only where the contract was significantly extended or modified. The Commission noted that under these proposals any new expenditure over £1m would continue to be referred to the Board.

The Commission approved the new banking arrangements. The Finance Director would discuss out of committee the Chair of Audit Committee's queries about the practicalities of running two separate banking services, one for Admin and one for Fund **(OM/BE)**.

Ongoing. The Finance Director has discussed the issue with the Financial Controller, who is collating the relevant information to inform a paper setting out the situation and options, and to facilitate a discussion between the Finance Director and the Chair of the Audit Committee.

The Commission agreed to reduce Board quorum to the individual chairing the meeting plus two other Commissioners, in addition to either the Chief Executive or the Finance Director. The Terms of Reference for the Board would be amended accordingly **(CJ)**.

Completed.

The Commission noted the Consultation Annual Report for 2010.

The Director of Case Management provided an update on the relationship with HMCS and management of the Advocates' Graduated Fee Scheme (AGFS). It was noted that paragraph four of LSC11/05, Annex D, should have recorded a total funding gap of £2.4m, rather than £1.2m, which was the LSC's share. It was reported that the funding issues with HMCS were close to resolution, and a further update would be provided to the Board at the March meeting **(HR)**.

**The Director of Case Management will provide an oral update at the March meeting.**

The Commission approved the two invoices from HMCS.

The Executive Director for Corporate Services provided an update on Atos performance management. Atos had agreed with the Executive Team in December 2010 to provide dedicated reports for the LSC from the end of February, and would report back to the Executive Team in March. Atos had also launched a bespoke customer service feedback tool which would survey users of the Atos Helpdesk.

The Chief Executive updated the Board on the FOI compliance monitoring exercise being carried out by the Information Commissioner's Office. Key issues for the LSC were the volume of requests received and the timeliness, rather than quality, of responses. An update on FOI processes and performance would be provided to the Commission out of committee **(CD/HP)**.

**Completed. An update on FOI performance was sent by Cate Jolley on 10 February 2011. The ICO have now confirmed that they are content with our performance.**

The Commission noted the updates.

#### **LSC11/06A Finance update – 2011/12 allocations update**

The Finance Director updated the Board on the LSC's agreed allocations for Fund and Admin for 2011/12, which overall were considered to be acceptable.

It was expected that the potential for an additional £17m shortfall in the Fund allocation would become clearer at the end of quarter one, in June 2011. The Finance Director was confident that the LSC's expected £20m of savings would be realised.

The Commission noted the update.

#### **LSC11/06B Finance update – financial stewardship**

The Finance Director provided an oral update on the range of work underway as part of financial stewardship to supplement the report circulated, and was keen to ensure awareness throughout the LSC of the importance of the programme. Successes included:

- Improving the accounts and debtors models
- Developing the relationship with the NAO
- The appointment of a Financial Controller to better join up Finance and Operations
- Addressing the actions in the Ernst & Young report, including targeting sources of error
- Implementing the provider management strategy
- Identifying fewer errors in internal testing

- Scrutinising forensic work.

The results of quarter three testing would provide a more accurate picture of changes in provider behaviour.

The report on high risk providers as discussed at Executive Team meetings would be circulated out of committee **(CD/HB)**.

The next report is scheduled for discussion at the Executive Team meeting on 16 February 2011, after which time it will be sent to Commissioners out of committee.

The Executive Director for Commissioning would review and close out the Ernst & Young actions marked 'under consideration' **(HB)**.

Completed.

The financial stewardship update would move to a bi-monthly report **(OM)**.

Completed. The agenda plan has been amended accordingly.

The Commission noted the update.

#### **LSC11/06C Finance update – management accounts**

The overall positive state of the accounts was noted and the Board agreed that they were content with the style of the reports.

The Commission discussed the income from Crown Court Means Testing and the potential long term impact of revising the forecast to allow for this, as well as the impact of the AGFS transfer.

The Commission noted the management accounts.

#### **LSC11/07 Update on new civil contracts**

In addition to the paper circulated, the Legal Director's update drew particular attention to the following key areas:

***[Freedom of Information Act 2000 Exemption: s36 – the free and frank exchange of views for the purpose of deliberations]***



The Legal Director would discuss with MoJ's Equality & Diversity leads the possibility of pooling resources for work on Equality Impact Assessments **(RW)**.

Closed. These discussions are taking place as part of an MoJ review of Equality and Diversity.



The Legal Director also informed the Board that an external review of the tender process would be taking place to identify where improvements could be made. The terms of reference for the review would be circulated out of committee, once signed off by the Chief Executive **(HB)**.

Completed. The terms of reference for the civil and crime tenders' external review were circulated by Carina Secker on 2 February 2011.

An update on the timetable for the new contracts would be provided at the February meeting, in addition to a paper on the family re-tender in March **(RW)**.

Agenda item LSC11/16 refers.

The Commission noted the update.

#### **LSC11/08 Community Legal Advice – update on outcomes**

The National Relationship Director for Large Accounts and Senior Contract Manager for Direct Services delivered a presentation on the outcomes of the CLA telephone advice service. The positive response received through client surveys and peer review was highlighted and discussed.

LSC Commissioning staff would lead on design of the service and were in discussion with MoJ about the impact of the move towards Executive Agency status and scope changes.

The Commission noted the update.

#### **LSC11/09 Integrated Delivery Programme update**

The Programme Director for the Integrated Delivery Programme (IDP) addressed points raised in the discussion, including:

- Confidence that IDP would be allocated the required level of funding, a view supported by the Finance Director, although the Programme could be de-scoped from the 'optimum' option if necessary, for example, by removing some functionality.
- The importance of fully understanding the interdependencies between Legal Aid Reform and other MoJ requirements, and delivery of the Programme. The Chief Executive confirmed that this had been discussed with MoJ.
- Confidence from the IDP team and across the business that the plan for delivery of the Programme was realistic, without underestimating the challenges. A prioritisation exercise had been undertaken and the 'maximum' option for delivery ruled out, and the Programme Director was keen to avoid 'scope creep'.

The Chief Executive would discuss with MoJ the impact of the timescales coinciding for the IDP pilot and roll-out, the civil contract re-tender, and Executive Agency transition **(CD)**.

The Chief Executive is raising this point at various meetings with MoJ officials and it will be discussed with them in more detail on 17 February 2011.

The Programme Director would provide an update on progress with IDP at the March Board meeting **(CD/DN)**.

This has been added to the agenda plan for the meeting on 30 March.

The Commission noted the update and acknowledged the significant amount of work ongoing in relation to IDP.

#### **LSC11/10 Quarterly HR update**

The Commission commented on the quality of the quarterly HR report and the overall positive nature of the information provided.

The Board discussed the impact on staff of the redundancy process. The Chief Executive had spent time in January visiting a number of offices, where she had explained to staff the need to balance staff interests, the LSC's interests, as well as the interests of the wider public.

The Director of HR and Organisational Development talked the Commission through the policies that had been introduced to bring down absence levels. Long-term and DDA related sickness absence and absence by individual business area would be separated out for the next HR report **(SC)**.

This has been added to the agenda plan. The next HR update is due to take place on 27 July 2011.

The Commission noted the update.

#### **LSC11/11 Quarterly review of progress against the Business Plan**

The Executive Director for Corporate Services informed the Board that Jane Cosgrove would take up the role of Head of Assurance and Performance Management, reporting to the Finance Director, with responsibility going forward for delivering the Business Plan and reporting against the KPIs.

The Commission noted the update.

#### **LSC11/12 Key metrics**

The Commission noted the update.

#### **Next meeting**

The next Commission meeting would take place on 23 February 2011.