



Minutes

Legal Services Consumer Panel meeting

Date: 28 January 2015
Time: 13:00-17:00
Venue: One Kemble Street, London WC2B 4AN

Present:

Elisabeth Davies	Chair
Andy Foster	Member
Cathy Gallagher	Member
Michelle Goddard	Member
Frances Harrison	Member
Marlene Winfield	Member
Catherine Wolthuisen	Member (Items 5 to 14)
Ramandeep Bhatti	Legal Services Board
Vibeke Bjornfors	Legal Services Board
Julie Myers	Legal Services Board

Item 1 – Welcome and apologies

1. The Chair welcomed the Legal Services Consumer Panel ('The Panel'). The Chair noted apologies from Philip Marsden. The Chair welcomed Vibeke Bjornfors who has recently joined the LSB as Regulatory Project Manager.

Item 2 – Declarations of interests

2. In relation to Item 7, The Panel noted that Cathy Gallagher worked for the Law Centres Network which was affected by the Separate Business Rule.
3. Michelle Goddard advised she had recently changed job roles and is now Director of Policy and Standards at the Market Research Society.

Item 3 – Minutes of 29 October 2014 meeting

4. The Chair presented the draft minutes for the 29 October 2014 meeting.

The Panel approved the minutes of 29 October 2014, subject to a minor change in the Chair's report section.

Item 5 – EU work

5. Frances Harrison introduced a paper seeking the Panel's approval of ongoing membership of BEUC, for review again in two years' time.
6. The Panel agreed the BEUC membership continues to be worthwhile when balanced against the cost and the staff resources involved.

The Panel agreed to continue to be a member of BEUC, and that this should be reviewed again in two years' time.

Item 6 – Shaping our strategy for 2015-18 and work programme for 2015-16

7. The Panel Chair introduced a paper on the Panel's next strategy and work programme. The paper presented the discussions that emerged from the Panel's away day in December and the Panel now needed to take forward these discussions so the secretariat can develop a draft three year strategy and annual work programme document.
8. Panel members agreed the five strategic aims and approach, while acknowledging the need for flexibility within these. The Panel agreed to support the strategic aims and the 1+3+1 approach in terms of prioritisation.
9. The Panel acknowledged that the time dedicated to the projects listed would vary and at this stage the project list is a long list that will be narrowed down. The Panel agreed the proposed work programme content reflected the strategic aims.
10. The Panel agreed the mapping approach helped to maximise the opportunities and minimise the risks and asked to see a worked up version at the April meeting.

In line with comments made the Panel Secretariat will develop a draft document for approval at the 25 February meeting.

Mapping of the Panel's priorities against those of the LSB and Legal Ombudsman will be presented at the April meeting.

Item 7 – Separate Business Rule

11. The Panel Chair presented the paper on the Solicitors Regulation Authority's (SRA) consultation which proposes changes to the Separate Business Rule (SBR). The Panel were invited to discuss the issues and agree a policy position. There were a variety of viewpoints, and the following issues were highlighted:
 - There are difficult trade-offs to make between extending access to justice and wider choice set against some potential losses in protection and consumer confusion
 - There is risk to consumers if there is no SBR and neither the consumer nor market would be ready if this was taken away altogether; nonetheless, the SBR is not working in its current form and changes are needed

- Problems with the SBR mask deeper flaws in the regulatory framework, in particular the list of reserved activities. In addition to remedying flaws with the SBR, there should be a focus on legislative reform as the logical end point
- The SRA need to ensure the safeguards are implemented properly, but concern was raised over whether they are achievable in practice
- The information remedies would be key, but should be seen in the context of consumers' assumptions about the scope of regulation. It is regrettable that the proposals have not been consumer tested and this limits confidence as to whether the information remedies will work, especially as solicitors have weak incentives for compliance with these remedies
- The proposals could be strengthened by seeking to ensure access to redress for consumers using separate unregulated businesses
- The SBR should focus on ill-intentioned businesses targeting vulnerable consumers and give greater freedom to the majority of well-intentioned businesses.
- Greater focus is needed on understanding the areas of highest risk and prohibiting referrals to and from regulated and unregulated businesses in these situations, for example debt collection and immigration work
- Agreement that the SRA's proposal that the title 'non-practising solicitor' should no longer be permitted within separate businesses. The Panel discussed whether the phrase should be prohibited in all circumstances and this is an issue to which we may wish to return in future

The Consumer Panel Manager will draft the final response and this will be agreed by Catherine Wolthuizen, Cathy Gallagher, Philip Marsden and the Chair.

Item 8 – Funding research

12. The Consumer Panel Manager introduced a paper which sets out issues relating to external funding of research and the policy on working with providers.
13. Panel Members agreed it would be useful to invite someone to come and talk about funding applications. The Chair invited Panel Members to feedback thoughts and review of the policy outside of the meeting.

The Panel agreed to feedback on the working with providers policy to the Panel Secretariat outside of the meeting. The Consumer Panel Manager will take soundings from prospective research partners before the February meeting.

Item 9 – Chair's report

14. The Chair presented her report on her recent activities.
15. In addition to the report the Chair gave an update on her meetings with the other consumer panel chairs and advised issues covered in recent meetings include: operations, governance and strategy, new appointments to Boards and cross working.

The Panel noted the Chair's report and additional points raised.

Item 10 – Members' update and Item 11 – Project update

16. The Chair invited Panel Members to share any updates that were not covered in the Project update.

17. Frances Harrison and the Panel Manager are due to give training on consumer principles and the vulnerability guide at the SRA on 11 February.
18. Marlene Winfield advised along with the Panel Manager she attended the Regulators' Forum. The Panel Manager advised that all the regulators were using the 2020 report.
19. Catherine Wolthuizen advised she attended the Legal Ombudsman Strategy event.

The Panel noted the Members and Projects update.

Item 12 – Consultation responses

20. The Consumer Panel Associate presented a paper on recent and upcoming consultation responses.

The Panel noted:

- **The live SRA consultation on the Separate Business Rule, the live Legal Ombudsman consultation on its Draft strategy and budget 2015-17, the live LSB's consultation on Draft strategy and business plan.**
- **Responses have been submitted to the SRA consultations on Training for Tomorrow: a competence statement for solicitors and Regulation of consumer credit activities.**

Item 13 – Draft agenda for 25 February meeting

21. The Chair presented the proposed agenda for 25 February meeting.

The Panel agreed the proposed agenda.

Item 14 – Any other business

22. The Chair advised Panel Members that the Panel Associate would be leaving at Easter. The recruitment process for a replacement has begun and it's expected an appointment should be made around the end of February.
23. The Panel Associate reminded Panel Members to submit any outstanding expenses they may have and that submitted expenses should be no older than 3 months.