

Company number: 04608905

**Costs Lawyer Standards Board Ltd**  
**Tuesday 25 April 2017 at 10.30 am**  
**The Studio, 7 Cannon Street, Birmingham**

**Present:** Steve Winfield (Chairman/Chair)  
Gillian Milburn (Vice-Chair)  
Richard Allen  
David Gamble  
Tracyanne Ayliffe

**In attendance:** Lynn Plumbley (Chief Executive)

**1. QUORUM, APOLOGIES, DECLARATIONS OF INTEREST & GUESTS**

- 1.1 The Chair declared the meeting quorate.
- 1.2 There were no apologies.
- 1.3 All directors declared an interest in the agenda item on proposed cost of living increase on remuneration.

**2. MINUTES**

- 2.1 The board noted all actions from the minutes dated 24 January 2017 had been undertaken. There were no matters arising that had not been scheduled as an agenda item. The board agreed the minutes as being a true record for signing.  
**Action: LDP: Post minutes on CLSB website.**

**3. BOARD MATTERS**

**3.1 Capacity & capability**

The board discussed succession planning. It was agreed that due to the small size of the CLSB it was not appropriate to increase employee numbers. The board noted the CEO was on a 3 month notice period. The board discussed safeguards in place in the event of death/serious illness of the CEO. The board agreed two proposed actions in such an event:

(i) approach Master of Faculties and IpReg to see if they would agree a reciprocal agreement whereby, in such circumstances, one of those parties would assist on an interim basis; and

(ii) the Chair would step in for a period not exceeding 1 month and continue CLSB operations with the assistance of current support arrangements.

**Action: SW: Approach Master of Faculties & IpReg.**

**3.2 Board dates (2018)**

The board agreed to meet on a Wednesday throughout 2018 on the following dates 24 January, 25 April, 25 July and 24 October.

**Action: All: Record dates in diaries.**

#### 4. **FINANCE**

##### 4.1 Q1

The board noted the position at Q1 end was as expected.

##### 4.2 Accounts (2016)

The board approved the 2016 accounts of the CLSB for signing and filing.

**Action: LDP: File signed copies with Companies House.**

##### 4.3 Cost of living rise (2017)

Based on a UK rate of inflation forecast and consumer price index:

(i) Effective 1 March 2017, the Chair & CEO agreed a 2% increase on remuneration for all non-executive directors and panel members.

(ii) Effective 1 March 2017, the board agreed a 2% increase on remuneration for the Chair & CEO.

(iii) It was agreed that, for ease of administration, future annual cost of living reviews would be effective 1 March to bring all review dates in line with that set for the CEO.

**Action: LDP: Notify payroll.**

##### 4.4 Free banking

The board noted the end of free banking on the CLSB reserve account.

#### 5. **RISK MANAGEMENT**

##### 5.1 Regulatory risk

The regulatory risk schedule was considered and updated with information following the 2017 stats analysis outcome.

##### 5.2 Operational risk

The operational risk schedule was considered and no changes were made. The board agreed that if the CLSB had not heard back from the LSB on the CLSB action plan (following the 2016 assessment process) by its July board meeting, it would record the uncertainty this created as a risk.

##### 5.3 Approach to risk

It was agreed that Pippa Prangley would be requested to review the CLSB approach to risk on her return from maternity leave. The variation in the definition of regulatory risk across the legal ARs was noted, with some regulators not actually defining regulatory risk. The definition of the CLSB was in line with that of the BSB (risk to regulatory objectives).

#### 6. **REGULATORY MATTERS**

##### 6.1 Consumer focus: Policy on expectations of a consumer

The board approved the revised policy.

**Action: LDP: Post revised policy on CLSB website.**

##### 6.2 Revised guidance note: Complaints procedure

The board agreed to the proposed amendment which highlighted LSB guidance in respect of charging for first-tier complaint resolution.

**Action: LDP: Post revised guidance note on CLSB website.**

- 6.3 Revised LSB guidance on diversity  
The board noted the changes made to LSB guidance. The board felt use of the word “workforce” in place of “profession” was a retrograde step as a workforce included support staff e.g. receptionist. It was noted the LSB plan to monitor progress against their new guidance in August 2018 however the CLSB does not have a diversity survey scheduled until 2019.
- 6.4 Supervision: Supervision schedule  
The board noted the updated supervision schedule and that it identified no cause for concern with an individual Costs Lawyer or risk pattern.
- 6.5 Supervision: Client survey (31 October 2016 to date)  
The board noted the outcome to date and that no actionable issues had been identified.
- 6.6 Supervision: Vulnerable consumers  
The board noted that only 2 vulnerable consumers had been reported for practicing year 2016. This was likely as a result of over 92% of consumers being a professional consumer (Solicitor).
- 6.7 How the CLSB could improve how it regulates  
The board noted the feedback to this annual question put to Costs Lawyers when they apply for their practising certificate. No actions were identified as a result.
- 6.8 Update on action plan following LSB assessment (2016)  
The board was advised that the updated action plan had been submitted to the LSB in April and that feedback was awaited from the LSB.
- 6.9 Analysis: Gender of Costs Lawyers  
The board noted that since 2012, there had been a 5.7% overall increase in female Costs Lawyers.
- 6.10 Analysis: Gender of Trainee Costs Lawyers  
The board noted that since 2012, there had been a 1.5% overall increase in male Costs Lawyers.
- 6.11 Analysis: Professional indemnity insurance  
The board noted that since 2014, Costs Lawyers have been taking out progressively higher levels of insurance, policies of £1m or less having fallen from 80.4% to 69.7%.
- 6.12 Analysis: Part-time working  
The board noted that since last year, there had been a 1.56% increase in the number of Costs Lawyers working 4 days a week or less.

- 6.13 Analysis: The profession  
The board noted that since 2012, there had been a 15.8% move away from Costs Lawyers working for a costs law firm with 10.7% moving to a firm of Solicitors and 1.6% becoming sole practitioners.
- 6.14 Analysis: Diversification  
The board noted that despite calls by the ACL for Costs Lawyers to look to other work to support their work stream, analysis had identified a distinct lack of diversification. Whilst there had been a small increase in mediation activity this formed a low % of those Costs Lawyers work (less than 10%).
- 6.15 Analysis: Legal aid  
The board noted that since 2013 there had been no drop in the number of Costs Lawyers undertaking 100% legal aid, however there had been a significant drop in legal aid work being undertaken by those accepting mixed instructions.
- 6.16 Outcome of complaint investigation  
The board was advised a lay complainant had made seven complaints against a Costs Lawyer and had proceeded with three. However, independent investigation concluded there was no basis for any of the three complaints. The complainant had also made a complaint against the CLSB, alleging that the Costs Lawyer code of conduct should debar a Costs Lawyer from charging for first-tier complaint resolution. Investigation established that there were only two regulators that had such a code in place, other regulators either referred to charging in their guidance or were silent on the point. The complainant did not accept the CLSB reasoning and appealed to the CLSB Chair. The Chair replied in full, advising that the Legal Services Act 2007 permitted LeO to charge a complainant who had acted unreasonably at second-tier level and that neither the Legal Services Act 2007 nor the LSB had made it a requirement that first-tier complaint resolution be free of charge (it appears in the LSB guidance only). The complainant accepted the reasoning of the Chair.
- 6.17 Consultation on revised training & CPD rules  
Whilst the consultation had only closed one working day before, the board noted the responses received. The CEO advised that a full evaluation would follow.  
**Action: LDP: Evaluate responses and advise board.**

## 7. LEGAL SERVICES BOARD (LSB)

### 7.1 New Chair

The board noted it was not the intention of current LSB Chair Mike Pitt to stand for a further term in office. The board expressed concern at continuity/LSB staff turnover. During a six year period there will have been three LSB Chairs and three LSB CEOs.

## 8. LEGAL SERVICES CONSUMER PANEL (LSCP)

### 8.1 Consumer segmentation

The board noted the outcome of the LSCP March report which called for all regulators to adopt the principle of consumer segmentation. The board noted a working group would address this in more detail.

**Action: LDP: Participate in working group.**

## 9 LEGAL OMBUDSMAN (LeO)

### 9.1 Service complaints

The board was advised there had been no new service complaints to LeO since the last board report and that there were no outstanding service complaints being considered by LeO.

### 9.2 New Chair of Office of Legal Complaint (OLC)

The board noted the appointment of Wanda Goldway as Chair of the OLC.

## 10. REPRESENTATION (ACL)

### 10.1 National conference

The board noted the annual two day conference would now be held in October. Both the CLSB Chair & CEO are scheduled to attend the one day conference in Manchester on 22 May 2017.

**Action: LDP & SW: Attend national conference in Manchester on 22 May 2017.**

### 10.2 The future

The board noted the debate instigated by the ACL Chair on the future of the ACL. It was agreed the CLSB would react as and when decisions were made.

### 10.3 ACL as named regulator under the Legal Services Act 2007

The board was advised that the ACL Chair had made a request that the LSB action the CLSB being named as regulator under the Legal Services Act 2007.

## 11. EDUCATION (ACLT)

### 11.1 New Chair

The board noted the ACLT had created a new position of Chair of the ACLT and that following advertisement Carl Lygo had been appointed. It was advised the CLSB CEO was due to meet Mr Lygo together with the ACL council member with a special interest in education on 5 May 2017. The meeting had been requested by the CLSB to discuss historical issues and plans for the future.

**Action: LDP: Meet new ACLT Chair.**

## 12. ANY OTHER BUSINESS

12.1 The board was advised the register of regulated Costs Lawyers had been posted on 8 January 2017 to all SCCO and regional costs judges.

## 13. DATE & TIME OF NEXT MEETING

13.1 Date & time of next meeting: Tuesday 25 July 2017 @ 10.30am

Location: GMCC, Elliot House, 151 Deansgate, Manchester

There being no further business, the Chair declared the meeting closed.

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Chairman

**Board document disclosure**

The following documents were not considered confidential, sensitive or subject to prevailing data protection laws and have therefore been published in the location stated.

<b>Paper</b>	<b>Publication</b>
CLSB minutes (24 January 2017)	Accessible via "minute" section of CLSB website
CLSB accounts (2016)	Accessible via "more about the CLSB" section of CLSB website Accessible via Companies House
Policy: Expectations of a complainant	Accessible via "complaint handling by CLSB" section of CLSB website
Guidance: Complaints procedure	Accessible via "Costs Lawyer Handbook" section of CLSB website
LSCP report on segmentation	Accessible via LSCP/LSB website