



Ministry
of Justice

James Cartlidge MP
Parliamentary Under-Secretary
of State for Justice

The Chair's Office
The Rookery (3rd Floor)
2 Dyott Street
London
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MoJ ref: ADR96617

7 June 2022

Dear Helen,

LEGAL SERVICES BOARD - SMALL BUSINESS LEGAL NEED RESEARCH

Thank you for your letter of 12 May 2022, regarding the Legal Services Board's (LSB) research into the legal needs of small businesses. I am responding as Parliamentary Under Secretary of State at the Ministry of Justice (MoJ).

I note the similarities between the LSB's proposal for legal support for small businesses and the MoJ's ongoing Legal Support programme. As you acknowledge, this programme focuses on providing individuals experiencing social welfare legal problems with help at an early stage, to prevent disputes from escalating. This involves ensuring that people can access information, resources and advice that empowers them to recognise and resolve their issue at the earliest opportunity.

In fact, we are currently progressing several initiatives with the intention of supporting small and medium sized enterprises (SMEs) in line with the aims of your proposals. Through our recent call for evidence on dispute resolution for example, we set out our ambition to help parties avoid unnecessary litigation and maximise the opportunities for early and consensual resolution of disputes. A summary of the responses we received was published on 29 March 2022 and the insights provided by stakeholders, including the Federation of Small Businesses, will be vital in helping to shape our future policy proposals in this area.

Dispute resolution mechanisms are already embedded in several jurisdictions, and many users benefit from the financial savings, flexibility of outcomes and speedier routes to settlement arising as a result. We aim to build on these foundations to improve awareness and provision of dispute resolution services, ensuring that individuals and SMEs are able to access the right support to help them achieve an effective and timely resolution of their dispute.

In addition to work on dispute resolution, the extension of fixed recoverable costs will support SMEs by providing greater certainty as to the recoverable costs of civil litigation and ensuring that costs remain proportionate. This will enable SMEs to make better and more informed decisions about whether to litigate or to settle due to the additional information, clarity and certainty they will have regarding risks of potential costs.

I agree that lawtech and innovation in the delivery of legal services has the potential to provide small businesses accessible legal solutions to address their legal needs and which offer value for money. As you have noted, the MoJ has invested in supporting and promoting the lawtech agenda through £2 million

in funding which led to the creation of the LawtechUK programme. The findings of the joint study you did with LawtechUK show the importance of lawtech in supporting small businesses. LawtechUK's SME ODR feasibility study also explored a proof of concept for an affordable, easy to use environment for SMEs to recover unpaid debts and highlights the opportunities for lawtech to help small businesses. We are committed to fostering innovation in legal services to meet the needs of all users and we look forward to continuing to work with you on this agenda.

The Department for Business, Energy and Industrial Strategy (BEIS) has a Professional and Business Services Council (<https://www.pbsc.uk/membership/>) which is a joint industry and Government sector council whose membership includes a number of trade associations and professional bodies who collaborate and represent SMEs' needs and issues.

The Government has invested in the creation of 38 Growth Hubs across England providing businesses across England with free one-to-one support and advice. Growth Hubs offer a triage, diagnostic and signposting service to make sure that all businesses, whatever their size or sector, know what help is available and can access the most appropriate support.

Additionally, advisers at the Government's Business Support Helpline (England) can provide free support and guidance about local and national business support offers. This is a virtual multi-channel signposting service, helping all businesses, from those thinking about starting a business, through to those who are already established and trading. Further details can be found at www.gov.uk/business-support-helpline.

We welcome the greater user insight about legal need that this research provides and look forward to our ongoing collaboration and seeing the progress of regulatory initiatives in this space.

Yours sincerely,

A handwritten signature in black ink, appearing to be 'JC' or similar, with a stylized, flowing script.

JAMES CARTLIDGE MP