



Business Plan 2010/11

Our regulatory objectives and the professional principles

Section 1 of the Legal Services Act 2007 sets out a very challenging set of regulatory objectives for the Legal Services Board, approved regulators and Office for Legal Complaints. These are to:

- protect and promote the public interest;
- support the constitutional principle of the rule of law;
- improve access to justice;
- protect and promote the interests of consumers;
- promote competition in the provision of legal services;
- encourage an independent, strong, diverse and effective legal profession;
- increase public understanding of the citizen's legal rights and duties;
- promote and maintain adherence to the professional principles.

Section 1 further defines the professional principles as:

- acting with independence and integrity;
- maintaining proper standards of work;
- acting in the best interests of clients;
- complying with practitioners' duty to the Court to act with independence in the interests of justice; and
- keeping clients' affairs confidential.

Section 4 also gives the LSB a duty to assist in the maintenance and development of standards of regulatory practice and the education and training of lawyers.

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Foreword

The Legal Services Board's first year has been one characterised by intense activity, robust debate and almost continuous change. In introducing this, our draft Business Plan for 2010/11, it is clear to us that our second year of operation – our first with our full suite of statutory powers and duties – will be similar.

Last year, we set out our vision and described the role we saw for the LSB as an oversight regulator. That vision remains at our core: to reform and modernise the legal services market place in the interests of consumers, enhancing quality, ensuring value for money and improving access to justice across England and Wales.

This is not an agenda that can be achieved in one year, by one organisation and by making small changes at the margins. An agenda for the long-term, it requires co-ordinated and complementary activity by the LSB, by approved regulators, by training providers and by those who provide and use legal services.

We are in a changing environment. The Legal Services Act 2007 provides the framework but the real impetus for change is coming from within the existing market. A critical mass of practitioners is emerging who are looking to seize the opportunities the Act permits. I have been encouraged by the appetite and enthusiasm shown by those we have met to embrace the new opportunities they can see ahead.

Our levers for delivering our vision are different to those of economic regulators or front-line professional regulators. Direct regulatory impact on service providers will come from the independent regulatory decision-makers within approved regulators – not the LSB. We still have much to do to ensure the regulation of legal services provision is focused on consumer needs and able to harness the benefits of competition. But we are starting to see a glimmer of the legal services market place of the future.

Many lawyers are delivering or planning to deliver their services in different ways. They are committed to serving the public. I want to hear much more about the many forms of practice being developed by innovative lawyers, and others, committed to providing services to the public and to business in ways that are mutually beneficial. The representative bodies, no longer constrained by

regulatory responsibilities, can re-focus and re-prioritise to meet their members' needs and to re-assert their role as advocates for professional excellence.

The coming year will also see the opening of the Legal Ombudsman scheme, administered by the Office for Legal Complaints. Elizabeth France and her Board have made great progress. The OLC will have a major impact on the experience of consumers and lawyers alike who find themselves in dispute. When they open their doors to their first case – before the end of 2010 – we will see the benefit of an efficient and cost-effective dispute resolution service. An outcome I know the independent Consumer Panel, chaired by Dr Dianne Hayter, will also be watching closely.

From 1 January 2010 we take-on the majority of our statutory powers and functions. We believe we have laid solid foundations for this work, but we would be naive to assume that we will not face challenges as we all come to terms with the obligations of the Act.

This draft Plan describes how we intend to continue to improve the regulation of legal services and perform our statutory duties. Running throughout the Plan is commitment to challenging, informing and encouraging action to maintain and develop standards of regulation, education and training and service provision.

We want the views of everyone with an interest in the effective regulation of the legal services market in all its guises. We hope that you take the time to read this draft Plan and let us know what you think. Where should we be doing more? Where should we doing less? We are committed to full, frank and open dialogue with the widest range of commentators – only then can we understand the immense variety of perspectives on the regulation of legal services provision.



David Edmonds
David Edmonds Chairman

Chief Executive's overview

The LSB is on the verge of assuming its full statutory powers. This presages a major change in the scope, style and ambition of the regulation of the legal services sector in England and Wales. But the Legal Services Act 2007 not only gives us a large job to do: it challenges the approved regulators whom we oversee - and the entire legal services profession and industry - to modernise to achieve the ambitions of the legislation. The sector, in short, stands on the threshold of potentially momentous change. It is our job to ensure that those changes deliver tangible benefits for the public as consumers and as citizens. It is the purpose of this consultation to help us to achieve it.

Looking backwards, we have laid firm foundations for this over the past year. In January 2009, the LSB comprised only a Board of ten members and a small team of six. But we published an unashamedly ambitious programme of work in our Plan for 2009/10 with three main strands:

Building our organisation

We will complete our recruitment in January 2010. We have drawn our team from an impressively broad range of career backgrounds and who, above all, share a passion for the consumer and public interest-focused reforming agenda of the LSB. Our core organisational building blocks are now in place. We have modern and efficient IT, and finance processes. Our HR policies and processes reflect best practice and support our desired organisational culture. We lived within the set up budget announced by Ministers in the course of the passage of the Act and will continue to focus on value for money.

Along side the Business Plan, we are also consulting on our Single Equality Scheme, the principles of which have run through our work to date and which we now want to formalise.

Taking on our full statutory powers and duties

We have worked closely with the Ministry of Justice (MoJ), the Legal Services Consultative Panel (LSCP), the approved regulators and many others to meet and beat the demanding timetable for implementation. This has involved extensive consultation as we have put in place the suite of policies and administrative rules required by

the Act before we can 'go live'.

We are grateful to our partners for their forbearance in this process and the creative way in which they have engaged with our proposals. We have not been afraid to rethink and adopt good ideas put to us in this process. And we have aimed to be as open, flexible and available as possible in gathering views. Whilst formal written consultation remains the backbone of regulatory engagement, we will continue to hold as many face-to-face meetings as possible with individual and groups of stakeholders to get under the skin of points at issue at the start and throughout the policy development process.

Laying the foundations for market-reforming policy initiatives

We have also started to tackle the more strategic and long-term issues facing the legal services market.

We have just published our detailed proposals for the regulatory framework for Alternative Business Structures (ABS) after an extensive process of consultation. We are working with our regulatory partners to take them further. We, the Solicitors Regulation Authority, the Bar Standards Board and the Council for Licensed Conveyancers have all helped each other to develop thinking further in the course of the year, aided by vigorous and constructive debate in a number of other settings within and beyond the traditional legal sector. We look forward to this debate continuing and becoming ever more focussed in the course of the next year, not least through experience of Legal Disciplinary Partnerships (LDPs).

We have started to draw together the many varied strands of activity underway across the professions to address concerns about access and diversity. Our Diversity Forum, attended by most of the organisations most able to influence change, is identifying where streamlining of activities can best occur to deliver maximum impact. We will push this forward to focus on issues of retention, progression and social mobility in the coming year, and ensure measurement of impact.

We have also worked with the senior Judiciary, approved regulators, the Legal Services Commission (LSC) and

the Crown Prosecution Service (CPS) to take forward work on Quality Assurance of Advocacy (QAA) to encourage a development programme, which partners feel offers sufficient pace, range, independence and robust processes to build confidence for improvement in standards in future.

The coming year

Those stands of work were underpinned by a clear vision for 2013. We want to see

- greater competition and innovation in service delivery;
- access to justice for all consumers;
- empowered consumers, receiving the right quality of service at the right price;
- an improved customer experience with swift and effective redress when things go wrong;
- constantly improving legal professions, as diverse as the community they serve;
- clear regulatory structures, which command wide confidence in the public and the market.

That remains our medium-term goal. We now need to build on the firm foundations put in place in 2009/10 to move closer to their achievement. So, in this Business Plan, we set out our work programme for 2010/11, which reflects the change from set-up to implementation, monitoring and delivery. It differentiates between proactive long-term strategic work and reactive on-going operational activity – although there is a clear linkage between them in many cases.

Our starting point is, as ever, the eight regulatory objectives in the Act: there are very few regulators which have such clear, exciting and stimulating challenges in primary legislation.

We aim to deal with them in two ways in this draft plan:

- First, Annex 1 sets out how we understand the objectives and the questions we will address to

make sure that we, the OLC and the regulators we oversee are addressing them with proper vigour and proper rigour;

- Second, and even more important, we have ensured that objectives run, like the proverbial lettering through the stick of rock, throughout our full programme of activity, acting as the test against which we measure the relevance and impact of our activities.

That understanding and focus underpins our “business as usual” work, just as much as our developmental agenda. So, we are looking forward to inheriting the mantle of rule approval from the MoJ and the LSCP. We have made clear that we expect approved regulators to do more to show how their proposals for change push forward achievement of the objectives. We have also made clear that we expect them to show how they have engaged consumers and other stakeholders in devising them. But we have also explained that, provided they achieve this sharper focus, our approach will be more rapid and targeted than ever before to ensure that the public and profession can benefit from such reforms much more rapidly.

The regulatory objectives also explain our research agenda. We want our proposals to be evidence based – but we will not be afraid to experiment and evaluate where evidence is patchy. We are building a robust research programme, underpinned by strong governance with some external input and good partnerships with a range of players in the industry and academia to ensure that the best evidence is in place to underpin creative solutions going forward. We will fill gaps, but wheel reinvention is not on our agenda.

And the regulatory objectives will also underpin how we tackle our supervisory duties. We talked last year about gold standard regulation. Let me be crystal clear. Gold standard does not mean gold plated. Proportionality is the touchstone and regulation is not the answer to every issue within the industry. But we are going to build on the work we first described in last year’s plan on regulatory reviews to ensure that approved regulators have the capacity and capability to tackle their challenges and to learn from each other in doing so.

There is, of course, a significant follow through in

our agenda in 2009/10. We look forward to reaching agreement with the individual approved regulators on how, and how quickly, they will move into compliance with our rules around regulatory independence. We will continue to work hard to achieve early opening of the OLC, and will increasingly work with the approved regulators to ensure that their current standards of complaints handling do not decline in the intervening period. This will supplement our focus in working together to improve standards of first line complaints handling in the industry, so that the OLC only deals with those cases where an Ombudsman view is essential.

And, we will continue to press for the removal of barriers to new business models to ensure that those within and without the legal services sector can use the full range of their creativity to provide the access to justice on which a civilised society depends. We are not starry eyed about this. There are risks in new models – just as there are in the existing market. Where these risks are unique to ABS, there will be unique protections. Where there are generic risks, there will be common protection. We will not rig the market. But nor will we allow present patterns of service delivery to solidify. The legal services industry – in the High Street, in rural areas, in the City – cannot be immune from the transformations facing all other service sectors.

We will also make sure that the regulatory framework continues to be modernised. We have been clear in our practice that we will increasingly specify the outcomes we expect approved regulators to achieve for the public and profession, rather than impose specific rules upon them. We believe that approved regulators themselves can increasingly move in that direction – and that a self-confident, ethically robust profession should welcome that change. But it will call for development in regulatory capacity and practice to ensure that all live up to the standards of the best and that corrective action is taken rapidly if standards fall to an unacceptable level. That is the challenge to which we want to help regulators to rise.

Above all, we see 2010/11 as the year when, with our full staffing in place, we begin to tackle the important, as well as the urgent. Tackling these structural issues in

partnership with all stakeholders is, in the long run, as, if not more important, to the public than acting as a detailed maker of rules or a policeman of regulatory practice.

For example, our plan sets out a challenging agenda on workforce issues, going beyond our focus on diversity last year into a broader range of discussions on how far current educational practises are fit for purpose or need reform. And access to justice remains a key cornerstone of our approach to ABS and the full range of activities around our objective on Public Legal Education, where we will continue to work with government and others to make a step change in the impact of the many disparate initiatives.

Our independent Consumer Panel, and their dedicated support team, is already having an influence on our work. We positively welcome the challenges the Panel will pose not just the LSB, but also the OLC, the approved regulators and lawyers themselves, over the coming years. We look forward to their recommendations on referral arrangements and their advice on all our work.

Throughout the programme, we are conscious that we must be continually alert to emerging developments and be ready to re-focus appropriately when necessary. Our work is not and should not be wholly self-generated. We want to complement the plans of approved regulators and those who seek to enter the regulatory community. We want to respond to the needs and ideas of consumer and citizen groups and of the profession itself. So, while this draft plan therefore represents our best judgement of the year ahead, this consultation exercise is crucial in testing our assumptions and developing our thinking in the light of your views. I look forward to hearing from you.



Chris Kenny
Chris Kenny Chief Executive

1

The regulatory context

Overview

1. The Legal Services Board is the independent body responsible for overseeing the regulation of legal services in England and Wales.
 2. Our goal is simple and clear – to reform and modernise the legal services market place in the interests of consumers, enhancing quality, ensuring value for money and improving access to justice across England and Wales.
 3. Funded by, but wholly independent of, the legal profession our three major priorities in 2009/10 were and remain:
 - assuring the public about the rigour and independence of legal regulation by ensuring a common baseline of regulatory competence, learning lessons from other sectors and maintaining clear independence from both government and professional interests;
 - better consumer redress when things go wrong through a new independent ombudsman for complaints, ensuring fair, effective and rapid dispute resolution for everybody concerned;
 - giving consumers more choice and lawyers new business opportunities by opening up the market and increasing competition to allow new types of legal business to emerge.
 4. We will continue to focus on these priorities in the year ahead but will also be able to undertake a broader programme of work now that our full staffing complement is almost in place.
- The General Council of the Bar, who through the Bar Standards Board regulate the 16,455 practicing barristers²;
 - The Institute of Legal Executives, who through the ILEX Professional Standards Board regulate 7,500 practicing fellows³;
 - The Council for Licensed Conveyancers who regulate 906 practicing licensed conveyancers⁴;
 - The Chartered Institute of Patent Attorneys, who through the Intellectual Property Regulation Board regulate 1,817 practicing chartered patent attorneys⁵;
 - The Institute of Trade Mark Attorneys, who through the Intellectual Property Regulation Board regulate 836 practicing trade mark attorneys⁶;
 - The Association of Law Costs Draftsmen who regulate 270 practicing costs draftsmen⁷;
 - The Master of the Faculties who regulates 887⁸ notaries.
6. In addition, the Lord Chancellor has laid an Order that will, subject to the necessary Parliamentary procedures, see two further professional bodies from outside the traditional legal services sector designated formally as approved regulators from 1 January 2010. Those bodies, which will both be listed as approved regulators in relation only to reserved probate activities, are:
 - Institute of Chartered Accountants in Scotland (ICAS);
 - Association of Chartered Certified Accountants (ACCA).
 7. The Act also allows for new bodies to apply to the LSB become approved regulators and in Section 2D we describe our work to consider these applications.

Approved regulators

5. We oversee eight approved regulators who themselves are required to ensure independent regulation of the eight branches of the legal profession. These are:
 - The Law Society, who through the Solicitors Regulation Authority regulate 112,246 practicing solicitors¹;

Our approach

8. As we explained in our Business Plan for 2009/10, our starting point in approaching regulation is as follows:
 - The Legal Services Act sets out clear regulatory

objectives. These objectives will provide a strategic underpinning for all of the work of the LSB and we will always map our proposals back to them.

- The better regulation principles are enshrined within the Act – so our activities will always be transparent, accountable, proportionate, consistent and targeted.
- We expect that the approved regulators will act in accordance with the regulatory objectives, as required by the Act, limiting the need for us to use our direct regulatory powers, and reducing to a minimum any requirement for us to duplicate work undertaken competently by others. However, we will not hesitate to do what is necessary, should the need arise.
- We will set out the anticipated impact on consumers and the professions of alternative regulatory options in our consultation papers and seek views from others about whether we have made the right assessment.
- We will develop strong working relationships with key stakeholders including the MoJ, the approved regulators, citizen and consumer groups, the professions, firms and partnerships across the sector, potential new entrants to the market, other regulators and redress providers and the academic community.
- Above all, the public interest will guide us in our work. Our touchstone will be what works best for the citizen and the consumer, (including small business and corporate clients), not any particular interest group.

9. All of our experience in the past year has confirmed that this approach provides a strong basis for our work.

Measuring impact

10. In assessing regulatory activity, both our own and the approved regulators, against the regulatory objectives we will take a wide view rather than a narrow 'target' or key performance indicator approach. In each circumstance, we will take into account any evidence that we believe to be

relevant, ensuring an ongoing risk assessment of performance and proposals against the regulatory objectives and a focus on where we consider the risks are greatest and the potential for incompatibility with the objectives most significant. Here we set out what we consider to be the broad questions that will help us, approved regulators and indeed others make these assessments.

11. The questions [overleaf] are those we will be constantly seeking answers to – and reviewing how those answers change over time – to assess the extent to which both we and the approved regulators are fulfilling the regulatory objectives.

Notes

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- 1 <http://www.lawsociety.org.uk/documents/downloads/lis-report-accounts08.pdf> as at March 2009
 - 2 <http://www.barcouncil.org.uk/assets/documents/Annual%20Report%202008%20-%20Final.pdf> as at December 2008
 - 3 http://www.ilex.org.uk/media/facts_figures_for_the_media.aspx
 - 4 Council of Licensed Conveyancers, figures correct as at 18 November 2009.
 - 5 Register of Patent Attorneys, <https://www.cipa.org.uk/members/directory/default.asp?dir=2> as at 18 November 2009
 - 6 The Institute of Trade Mark Attorneys, as at 18 November 2009
 - 7 The Law Costs Draftsmen Profession, as at 18 November 2009
 - 8 Master of the Faculties as at 23 Nov 09

*“How is access to legal services being measured and improved?
(Volumes, innovation and use of IT in delivery, client profile, outcomes,
service/problem/need, affordability, price transparency, geographical
spread, needs of vulnerable consumers)”*

*“How are consumers engaged to shape regulation
and shape the legal services market?
(Understanding legal need of individuals and businesses, consumer
empowerment, knowledge symmetry, public legal
education, transparency of regulation and market)”*

*“How is consumer confidence in regulation
and legal services measured and improved?
(consumer survey, complaints analysis
and complaints handling)”*

*“What understanding of your market do we have?
(Market definition, market segmentation,
supply side and demand side analysis, individual and entity ability to move
within legal sector, international aspects, in house and govt lawyers)”*

*“What measures of market dynamism and competition
are in place and what action taken to improve competition?
(Take up of new structures, market entry and exit numbers,
size of legal market, links between legal and other sectors)”*

*“How is evidence collected and research
focused on which to base regulatory interventions?
(Research plans, appropriate data collection,
shared approaches with other regulators)”*

*“How is compliance targeted and proportionate?
(Macrory principles, risk based, imposed cost of market
compliance with regulation, transparency of outcomes)”*

*“How are the Hampton principles being upheld?
(Better regulation, principles and outcomes based, proportionate,
relevant, up to date, benchmarking in sector and beyond)”*

*“Can we demonstrate the independence and capacity of regulators?
(Independence from representative arms; from Government; from
dominant consumers/purchasers. Resourcing and capability of regulators,
value for money, best practice governance and behaviours)”*

*“Is there professional confidence in regulation?
(Strong ethical framework, surveys, robust discipline of
transgressors, fair discipline systems, choice of who
regulates entities driving quality up not down)”*

*“What diversity initiatives are undertaken and how is their impact
measured in order to drive improved outcomes for the profession?
(Initiatives targeted at evidence based analysis, impacts measured, targets set)”*

*“What understanding is there of current and future workforce needs?
(Routes to qualifying, relevant training, numbers/diversity/quality of training/
ees, appropriateness of CPD, ethical framework for sector)”*

2

Policy focus 2010/11

Our work programme

12. As the next sections illustrate, we have set ourselves an ambitious work programme for 2010/11, and the following pages describe the areas that we will focus on:

- A. Putting consumer and public interest at the heart of regulation
- B. Widening access to the legal market
- C. Improving service by resolving complaints effectively
- D. Developing excellence in legal services regulation
- E. Securing independent regulation
- F. Developing a workforce for a changing market
- G. Improving access to justice

13. This represents the second year of the programme of work we set out in our Business Plan for 2009/10, adjusted to reflect the move from planning and preparation to delivery. All of the work-streams contain an indication of the evidence base we intend to obtain to inform our work and confirm the outcomes we expect to see in the legal services market in the medium-term.

14. In addition, our experience in 2009/10 has allowed us to identify more clearly the activity we need to undertake in two areas – workforce diversity and access to justice – to ensure a co-ordinated approach to achieving progress. As such, we have expanded the content of work streams 2F and 2G to explain our role in these important areas.

15. The programme takes into account that from the start of January 2010 we will be fully operational with the full regulatory infrastructure in place, and are therefore able to take action to enforce compliance using our enforcement powers. We will not resile from using these where necessary. However, it is our firm intention to work constructively with approved regulators to ensure that our common goals are achieved.

RO1 Protecting and promoting the public interest

RO2 Supporting the constitutional principles of the rule of law

RO3 Improving access to justice

RO4 Protecting and promoting the interest of consumers

RO5 Promoting competition in the provision of services

RO6 Encouraging an independent, strong, diverse and effective legal profession

RO7 Increasing public understanding of the citizen's legal rights and duties

RO8 Promoting and maintaining adherence (by authorised persons) to the professional principles

2A

Putting consumer and public interest at heart of regulation

Regulatory objectives supported



Work stream overview

16. We are committed to ensuring that we have a comprehensive understanding of the views and experiences of all with an interest in the legal services market. Specifically, we must understand and take into account the input of consumers, so that the regulatory system works in their interests. We will do this through two key ways that support all our other work streams:
 - working with the Legal Services Consumer Panel;
 - direct consumer research and engagement.
17. Our view is that we can only put consumers and the wider public at the heart of regulation if we understand and are able to articulate their needs, views and concerns. This must be evidence based.
18. We will work with the Consumer Panel to assess what research is required to support their first full year work programme to understand and advise on the consumer interest. This will enable the Consumer Panel to fulfil its role as our “critical friend”.
19. We will develop our evidence gathering and research work so as to ensure that our policy proposals and regulatory interventions are evidence based and focused on both the consumer and public interests. We will gather evidence through research, consumer surveys, engagement with consumer bodies, citizen groups and, of course, through feedback from approved regulators and the regulated community.
20. To do this successfully we are developing a programme of original research and by ensuring that our work is independently scrutinised by the Consumer Panel. We will identify appropriate routes to directly engage with consumers and will also establish a Research Strategy Group to steer the research programme, challenge our methodology,

provide independent oversight and recommend an annual research budget to the Board.

Why this work matters

21. We need to understand the perspectives of the users of legal services so that we can target our work on those whose interests have not been met by the regulatory system – or the market - in the past. As such, understanding consumer needs lies at the heart of our entire programme of activity. We are committed to considering changes to the regulatory landscape with due regard to the possible impact of changes on the end user – as well as to practitioners and the market itself.
22. We are similarly committed both to open and transparent research and to effectively and honestly measuring the anticipated impact of our proposals so that we can demonstrate that the decisions we take have consumers at the heart. This will also enable us to review the impact of our interventions and thus create a continual updating of our evidence base in the light of a changing regulatory landscape and market.

Research evidence

23. We are committed to using research to keep consumers and public interest at the heart of regulation, both by benchmarking the existing market and commissioning original research to ensure we have an evidence base to support all our regulatory objectives.
24. Our research programme will split into two key strands: measuring and understanding consumers’ experience of the market today; and developing an evidence base to underpin our work to meet our regulatory objectives. The two are, of course, entwined.
25. We will be using existing evidence and commissioning new research that together will enable us to understand the problems faced by different consumers in the market, whether a first

time house-buyer, an asylum seeker or a small business. This research will also help us to track the performance of the LSB over time in meeting its regulatory objectives.

26. We will consult widely in finalising the detailed research projects that we will undertake in 2010/11. But to place that research in context we set out throughout this chapter some of the research and evidence that we think is important for each work stream.

Detail of work we will do in 2010/11

Activity	Description	Milestone/output
Measuring and understanding consumers' experience in the market today	<p>We will be commissioning research to explore how consumers of all types interact with the legal services market and what problems they face.</p> <p>We will seek new ways to engage directly with users of legal services and hold a research seminar to gain insight from consumers' representative bodies.</p>	<p>Q1 (10/11): hold research seminar on initial research findings</p> <p>Q2 (10/11): introduce new direct engagement with consumers</p>
Developing an evidence base to underpin our work to meet our regulatory objectives	<p>We will be working to ensure that all our research that we commission is published and freely available online to consumers, the approved regulators and academia.</p> <p>Work with a wide range of academics in order to influence research priorities and join up regulatory, consumer demand, competition and other relevant specialisms so as to create a dynamic research environment.</p> <p>Ensure that research contributes to shape of future work programme.</p>	<p>Q1 (10/11): publish our finalised research programme for 2010/11</p> <p>Q1/2 (10/11): sponsorship of Legal Service Research Centre conference</p> <p>Q3 (10/11): consult publicly on 2011/12 research programme</p>
Engage with the independent Consumer Panel	<p>We will provide appropriate resources to allow the Consumer Panel to conduct its work.</p> <p>We will seek the Panel's advice on matters where we need to better understand the consumer interest, including but not restricted to referral arrangements and accreditation, and ensure that their advice is considered and reflected in our work.</p>	Ongoing

The medium-term outcomes that this work will contribute to

27. By 2013, the regulation of legal services will be a model of best practice. The LSB and approved regulators will be recognised as excellent in the way that they:
- target and assess the impact of their activities on the consumer and public interest;
 - engage with the widest variety of consumer and civic society groups in developing policy and practice;
 - find the most creative ways of identifying actual consumer experience of services and feeding them through into policy development;
 - use the LSB's Consumer Panel and other formal advisory mechanisms to underpin progress by bringing creative challenges.
28. The improved regulatory performance stemming from this approach will lead, in turn, to better access and outcomes so that:
- consumers are more confident in accessing the legal services market and can make better informed decisions about purchases;
 - cultures and systems of quality assurance are embedded throughout the legal services sector to give consumers confidence in the services they purchase.

Widening access to the legal market

Regulatory objectives supported



Work stream overview

29. To date there have been wide-ranging restrictions on the ownership and management of legal service providers. The Act allows for the introduction of non-lawyer managers and owners. We will be working with approved regulators and potential Licensing Authorities (LAs), to develop their rules and capability to regulate these new business structures in preparation for a mid-2011 start date. Our work in 2009/10 was concerned with developing the policy framework. In 2010/11, work must turn to implementing the policy framework, and the baton of activity, in many respects, passes to approved regulators who wish to become licensing authorities. We plan to step-up our communications efforts to make sure we speak to as many interested parties as possible to understand the opportunities and implications of the new regulatory framework.

Why this work matters

30. It is our view that the relaxation of the ownership rules, if done in a way that ensures the continued protection of consumers, the professional duties of lawyers and which supports the rule of law, will result in new forms of business practice that benefit both consumers, lawyers and society as a whole. In particular, innovations that will mean consumers get the services they need and want, in ways that suit them at prices they can afford. And innovations that allow lawyers, of all kinds, and other service providers to offer legal services in a way that delivers improved commercial returns and business efficiencies. A more dynamic market will support a more diverse legal profession.

Research evidence

31. We see the introduction of alternative business structures (ABS) in the wider context of changes in the way legal services are provided and changes in the way consumers expect to receive professional services. Following from our first round-table on future developments in the legal sector (to be held in Q1 2010/11) we will undertake detailed research to monitor trends and develop a set of measures that can track how the market responds to the changes brought in by ABS, including the experience of LDPs.

Detail of work we will do in 2010/11

Activity	Description	Milestone/output
Issue final guidance on content for licensing rules	Following consultation, issue the final guidance that sets out the core regulation that applies to ABS.	Q1 (10/11): publication of final guidance on licensing rules
Ongoing work with potential LAs	Working with potential LAs to ensure that they have suitable rules and sufficient capability to become competent LAs.	Ongoing
Development of LSB's direct licensing approach	Should no approved regulator be able to regulate ABS, the LSB will have suitable plans in place to license directly from mid 2011.	Q2 (10/11): scoping requirements Q3 (10/11): determining potential LAs progress Q4 (10/11): consultation on LSB's rules (if needed)
Ongoing development of market readiness for ABS	Working with the widest possible group of external stakeholders identify the risks and opportunities presented by ABS.	Regular ABS implementation group meetings Open fora held throughout England and Wales

The medium-term outcomes that this work will contribute to

32. By 2013, the legal services market will be significantly more diverse and vibrant than today. Access to justice will be enhanced because more law firms will offer services in partnership with other professionals – and new entrants will offer legal services as part of a wider 'one stop shop' to the consumer.
33. Overall, the market will offer better value and choice for consumers as a result of innovation driven by:
- a wider range of ownership and investment arrangements in firms providing legal services;
 - new forms of corporate structure and operational management;
 - strengthened competition leading to higher standards and better value for money, driven by new entrants to the market place;
 - effective consumer protection regulation through proportionate licensing arrangements.

Improving service by resolving complaints effectively

Regulatory objectives supported



Work stream overview

34. We have already started work with the approved regulators to improve the way in which those they regulate respond to complaints and to develop a set of common outcomes that will be reflected in complaints handling procedures. We expect the approved regulators to develop actions plans to ensure that there are effective complaints handling procedures in place by the time the OLC becomes operational in the second half of 2010. During 2010/11 we will continue to work with the approved regulators, the OLC and consumer representatives to monitor the implementation of those action plans. As part of this, we will also oversee the approved regulators own complaint handling performance and service to ensure appropriate levels are maintained, particularly as the commencement date for the OLC draws nearer. We will also continue to work with the OLC as they commence their work in administering the Legal Ombudsman scheme to resolve disputes between consumers and legal services providers.

Why this work matters

35. A perception of poor complaints handling by approved regulators and the individuals and entities that they regulate was one of the main drivers behind the regulatory reform agenda. A key objective for the LSB is therefore that there should be an improved customer experience with swift and effective redress if things go wrong. The creation of the OLC will address many of the concerns, but there still appear to be a number of areas for improvement within first-tier complaints handling.

Research evidence

36. We consider that it is fundamental that approved regulators monitor the effectiveness of complaint handling procedures to ensure that enforcement is targeted at issues of consumer detriment and that review processes are able to identify and address systemic issues.
37. We will continue to engage with approved regulators to discuss the most appropriate data (both qualitative and quantitative) to collect to ensure that they and we can monitor improvements in first-tier complaints handling. As a first step we have already asked approved regulators to conduct an assessment of:
- current first-tier complaints handling requirements;
 - the performance of lawyers' first-tier complaints handling;
 - the effectiveness of their current regulation of lawyers in this regard, including enforcement; and
 - first-tier complaints handling monitoring (including data collection), reporting and reviewing.
38. We will also be discussing with the OLC what information they can provide to us and the approved regulators so that we can assess over time how the changes made to first-tier complaints handling procedures have made a difference to consumers. We will also consider the best way to engage consumers on this issue.
39. We want to make sure that we strike the right balance between getting sufficient data on which to base decisions and not impose unnecessary burdens on those providing it.
40. We will also regularly monitor performance targets set by the OLC in the operation of its function.

Detail of work we will do in 2010/11

Activity	Description	Milestone/output
Working with approved regulators to develop the outcomes sought for effective complaints handling procedures and collecting baseline information on complaints handling from them.	The Act requires all authorised persons to have complaints handling procedures in place.	Ongoing: the LSB will monitor the approved regulators implementation of their action plans against the specific objectives and milestones in them, including information gathering
Regulatory review: Complaints handling	Reviewing how successful approved regulators have been in implementing effective complaints handling procedures, monitoring processes and signposting the consumer's right to complain rule.	Q1/2 (10/11): consultation and engagement with approved regulators on the form of the review Q3/4 (10/11): review the implementation of complaints handling procedures by approved regulators and agree next steps
Agree and monitor performance targets with the OLC	Before the OLC opens for business before end 2010, the LSB will agree a suite of key performance indicators with the OLC and will monitor on an agreed basis.	Q2 (10/11): initial KPIs agreed Q3/4 (10/11): ongoing monitoring

The medium-term outcomes that this work will contribute to

41. By 2013, consumers will be confident that:

- if things go wrong, their legal services provider will be responsive to their concerns and able and willing to act swiftly and informally to sort matters out;
- in cases where disputes cannot be resolved, the Legal Ombudsman will act swiftly, rigorously and impartially to determine the dispute and, where appropriate, award fair redress.

Developing excellence in legal services regulation

Regulatory objectives supported



Work stream overview

42. This work-stream is concerned with ensuring that the LSB carries out its duty to assist in the maintenance and development of standards in regulation by approved regulators. It has three strands: first, conducting regulatory reviews; second, our work to consider applications from new bodies that might wish to become approved regulators; and third, our role in considering requests from approved regulators to amend their regulatory arrangements.

Regulatory reviews

43. We will review the way in which approved regulators are complying with the final internal governance rules developed by the LSB. We will base this review on the information provided during the dual self-certification process that is being developed with approved regulators. We have also stated that first tier complaints handling is likely to be the subject of an early regulatory review. During 2010/11 we will consider further (with the approved regulators and others) an appropriate methodology for these “thematic” reviews.
44. We will also consider further how best to assess some of the wider aspects of the effectiveness of approved regulators regulation. We have set out in Annex 1 of this document, proposals about the questions and evidence that we will consider in measuring the impact of regulation against the regulatory objectives. We propose that this framework (once finalised) should provide the basis for these wider regulatory reviews in the future. We will assess the lessons learned from both types of review to inform our approach to regulatory reviews in future years.
45. We will also consider during 2010/11 how best smaller approved regulators can play their important

role in regulating legal services. We are acutely aware of the need for proportionate regulation and oversight; but similarly recognise the clear duty to regulate in a manner compatible with the regulatory objectives.

Designating new approved regulators and reviewing revised regulatory arrangements

46. During 2009, we consulted on and introduced rules and mechanisms for approving applications from organisations wishing to be designated as new approved regulators. We also worked with the existing approved regulators to develop the rules and processes to approve applications from them to make changes to their arrangements for regulating their members and to begin regulating other areas of reserved activity should they so wish.
47. A core part of our ‘business as usual’ in 2010/11 will be to receive and process such applications. We aim to do this in a manner that will lead applicant approved regulators, their regulatees, consumers and all other interested parties to be confident in the effectiveness, speed, rigour and proportionality of our processes.
48. We will work closely with early applicants to benchmark our service and identify if and where improvements can be made. In light of the early experiences, we will review our processes in Q4 (10/11) ready to introduce challenging KPIs for the following year. This will include KPIs for turning around applications, building on the indicative timings presented within the rules.
- ### Why this work matters
49. Appropriate and targeted monitoring and reviewing at specified intervals will enable the LSB and the approved regulators to judge the effectiveness and continuing relevance of their approaches to regulation. Thematic reviews will also assist the LSB in assessing the impact of its policies after they have been introduced.

50. We expect a combination of regulatory reviews and, potentially, competition between regulators to help drive up standards of regulatory performance. The Act allows for new approved regulators in the legal sector and this will create competition. We consider that regulatory diversity within a framework of oversight regulation can drive up standards of regulation and improve the performance of regulated firms for the benefit of consumers. In this context, however, it is vital that our approval process embeds consistently excellent standards across new and existing regulators. In devising the methodology for regulatory reviews, we will be mindful of any requirements placed on new entrants.
51. The approved regulators have an important role in ensuring their regulatory arrangements maintain and enforce compliance with appropriate standards of education, training and practice for the benefit and protection of consumers and the legal services industry. Approved regulators will have to make changes to these standards and arrangements as circumstances change over time and having regard to best regulatory practice. The front-line regulators require the freedom and flexibility to decide what the best regulatory arrangements are and how to best achieve their goals. However, we must have sight of these changes and have the processes to approve, refuse or exempt them appropriately to assure ourselves that changes do not compromise the regulatory objectives. A proportionate and targeted approach that finds the right balance is essential to effective regulation.
- Research evidence**
52. Self-assessment by approved regulators will form a significant part of the regulatory review process. Robust self-monitoring processes that can elicit objectively verifiable information will therefore underpin performance reviews. The ability of approved regulators to provide us with the data we require to make rigorous and defensible assessment of progress towards KPIs will be as important as the quality of that information in informing our regulatory response.
53. For our core business that has a direct impact on consumer experience (such as first-tier complaints handling), we also expect to obtain survey data to inform our assessment of reviews.

Detail of work we will do in 2010/11

Activity	Description	Milestone/output
Thematic review: separation of regulatory and representative functions of approved regulators	Reviewing approved regulators' compliance with the LSB's rules.	Q2 (10/11): assessment of approved regulators' dual self-certification and next steps
Thematic review: first tier complaints	See page 19	See page 19
Wider reviews: approved regulators impact	Develop appropriate methodology and run pilot. Review lessons learned.	Q1/3 (10/11)
Approval process for designation as an approved regulator and alterations to regulatory arrangements.	<p>Receive applications and progress in accordance with the processes and timings set out in the rules.</p> <p>Continuous improvement based on collaborative evaluation of early applications.</p> <p>Undertake review of processes and timings for introduction of KPIs in 2011/12 to inform consultation on proposed future processes and KPIs.</p>	<p>On-going: published records of applications received and decisions made.</p> <p>Q4 (10/11): publish review and consult on KPIs</p>

The medium-term outcomes that this work will contribute to

54. By 2013, legal services regulators in the UK will be seen as world leaders, not simply in their independent governance arrangements, but in the full range of their activities. Consumers will therefore be confident that their lawyers are proportionately regulated by bodies which:

- keep constantly modernising and updating registration and education requirements to promote diversity in, and wider access to, the profession and reflect changing social and consumer needs;
- maintain and enhance standards of professional conduct in the light of changing circumstances and best practice elsewhere;
- ensure that robust and independent systems of

quality assurance are in place;

- monitor and, where necessary, take enforcement action to ensure that professional standards are put into action at ground level;
- are accessible and responsive to concerns put to them.

55. Authorised persons should also be confident that their regulators are:

- proportionate and consistent in their decision making, monitoring and enforcement activities;
- well-governed and cost-effective;
- up to date in their professional thinking and management practice.

56. All stakeholders will be confident in the effectiveness, speed and rigour of the LSB's own processes for approving rule changes.

2E

Securing independent regulation

Regulatory objectives supported



Work stream overview

57. Throughout 2009, regulatory independence was a prime focus. We developed, consulted on and settled our Internal Governance and Practising Fees Rules. Focus must now change to implementation. In 2010/11, the importance we attach to the need for independence has by no means diminished but the nature of the work will change. Now that the framework is set, approved regulators and we must move to effective implementation. We expect that from 2011/12 this work will no longer require a specific work stream and will become 'business as usual' activity forming part of the 'developing excellence in legal services regulation' strand.
58. In 2010/11:
- **Internal Governance Rules (IGR)** – we will work with approved regulators while they review their governance arrangements in light of the rules we make. It will be for approved regulators to demonstrate that full compliance will be achieved within a reasonable period. Each approved regulator must submit action plans (including proposed timetables) no later than 30 April 2010. Those action plans must then be agreed by the Board. Unless there are very strong reasons, we would expect to see all approved regulators bringing themselves into compliance well before the end of the 2010/11 year. The ongoing annual need to self-certify compliance is designed to ensure continued compliance.
 - **Practising Fees Rules (PFR)** – applications for practising fee approval will be made by each approved regulator through the course of 2010. Early engagement will be vital. All the approved regulators will have their own separate budgeting timetables and individual needs. Close working on a one to one basis with each approved regulator

should ensure that the first year of operation is smooth.

Why this work matters

59. Independent and objective regulation, furthering the regulatory objectives, is and remains central to our regulatory framework. The separation of regulation from representation, and maximising the transparency of practising fees are important foundations for most of the regulatory framework that we are charged with overseeing.
60. Whilst we expect independence and transparency to become less and less visible, collectively this work remains of particular importance:
- consumers must have faith that regulation is designed to protect their interests;
 - a regime that maintains high levels of consumer and public confidence will allow us to maintain our focus on oversight regulation; and,
 - accountability means that regulated legal professionals should have clear visibility of what they pay their mandatory practising fee for.

Research evidence

61. Focus here will be on how we ensure the Practising Fee Rules work as effectively as possible. In accordance with the Act and our Practising Fee Rules, approved regulators may only apply amounts raised by practising fees for one or more of the purposes permitted under our rules.
62. Prior to the Act's reforms, the bodies which formally become designated as approved regulators, have had to ensure that all fees received from practising certificates are applied only for permitted purposes. Those permitted purposes are now set out by our rules. The question we need to answer is how best to ensure approved regulators are complying with this legal requirement. The solution must not be disproportionate, but it should demonstrate that legal requirements are being met.

63. The focus of our research will therefore be on the type of information that is available in each of the approved regulators, and how that information should be communicated to us through the yearly application cycles.

Detail of work we will do in 2010/11

Activity	Description	Milestone/output
Annual dual self-certification procedure	Submission of dual self-certification returns from each approved regulator in respect of IGR compliance.	<p>Q1 (10/11): by 30 April 2010 approved regulators must submit their dual self-certification to the LSB</p> <p>Q2 (10/11): by 31 July LSB response in respect of adequacy of proposed action plans</p> <p>Q4 (10/11): unless disproportionate, full compliance with the rules demonstrated by each approved regulator</p>
Practising certificate approval	Considering and approving applications submitted by approved regulators in respect of proposed practising fees for 2011/12.	Q2/3 (10/11): receive, consider and determine applications

The medium-term outcomes that this work will contribute to

64. By 2013, the regulation of legal services in England and Wales will be – and be seen as – world leading in its:

- clarity of responsibilities;
- transparency of processes and costs;
- clear focus on the public interest as the starting point of all regulation;
- robust governance arrangements, which clearly

- separate representative and regulatory functions;
- effective compliance disciplines which demonstrate that both the letter and the spirit of separation are being met in practice.

65. In addition, we expect that approved regulators with a dual representative and regulatory function will be able to take advantage of the potential for representative arms, now no longer constrained by regulatory responsibilities, to re-focus and re-prioritise to meet their members' needs and to re-assert their role as advocates for professional excellence.

Developing a workforce for a changing market

Regulatory objectives supported



Work stream overview

66. The focus of the LSB's first year was on "promoting access to a diverse profession" and developing the networks of approved regulators, legal educators, representative groups and other interested parties to progress our stated aims. In 2010/11, we will extend our focus to consider more widely what consumers and procurers of legal services need, want and should be able to expect from the legal workforce. This goes beyond diversity. We intend to support the approved regulators to develop a workforce strategy that covers three primary areas:
- widening access (diversity and social mobility);
 - education and training;
 - quality assurance.
67. We will agree with approved regulators and others, responsibilities and timescales for delivery. Progress in some areas will require deep-seated cultural change and will take some time to achieve. In other areas, benefits can and must be achieved much more quickly. It is our ambition to make this happen.
68. Throughout, we will encourage approved regulators and practitioners to systematically collect and display transparent, consistent, measurable and understandable information across the three strands of this work stream. This will better enable consumers to make informed choices about the type of provider that they use: mainstreaming the issues for the owners and managers of legal service providers and incentivising continuous improvement that can be robustly measured. Visibility and competition will place a market and consumer value on the range of quality assurance measures available, as well as on the diversity of the workforce.

Diversity and social mobility

69. Promoting a legal workforce that is genuinely open to the widest pool of talent is recognised across the legal sector and government as a priority area. There are many laudable initiatives underway in this area and considerable resources are being expended. We will build on the mapping of issues and initiatives undertaken in the previous year to identify synergies and agree a set of common priorities with the approved regulators where combined pressure could create tangible results.
70. We are clear that "doing things" does not equate to success in its own right – there must also be defined outcome measures linked to these initiatives. We will work with the approved regulators to set the framework to measure the effectiveness of the current programmes. We aim to shift the emphasis from what is being done to what is being achieved.
71. We will also continue to work with partners across the legal sector and with government officials to implement focussed strategies for improving opportunities for aspirants from lower socio-economic backgrounds to keep pace with the expectations rightly raised by initiatives such as the Milburn Panel of Fair Access to the Professions. Crucial to making and demonstrating progress will be finding ways to overcome the paucity of workforce information in this area.

Quality assurance

72. In 2010/11, we will focus on developing evidence of how consumers view quality and what they understand of the range of assurance measures and titles provided by different arms of the sector.
73. We will drive transparency of quality assurance measures which will help the understanding of both consumers and procurers of legal services. This is important to instil confidence that a competent level of service will be received but also to aid competition

74. As the body with responsibility for overseeing the regulation of the legal profession, we will also take the lead in achieving clarity of understanding over which bodies should be responsible for the development and delivery of different types of quality assurance or accreditation schemes. This is particularly important when the schemes relate to the types of service delivered rather than the arm of the sector that is providing it.
75. Our initial focus is on the quality assurance of advocacy. Commercial pressures have combined with regulatory changes over many years to see the advocacy market opening up. This, allied with judicial concern over the quality of some advocacy in the criminal and family courts, has led us to conclude that early progress on a comprehensive quality assurance scheme for advocacy is required. We will work with regulators and other stakeholders to drive this forward.
76. Moreover, professional diversity, education and training and quality assurance are at the core of a credible legal workforce that inspires confidence. A workforce that does not reflect the full social diversity of the population may be questioned by modern, global consumers and a public that increasingly demands equality of opportunity. Further, for any workforce to succeed in a challenging economic environment it must be responsive to the changing expectations of consumers, procurers and the public. Regulation must facilitate and encourage innovation and modernisation.
77. There are therefore clear business advantages to a workforce of different cultural, social, educational and commercial backgrounds. We intend to highlight these advantages over the next 12 months.

Education and training

76. Systems of education and training provide the lynchpin for delivering success in any workforce development strategy. Fair access to education and training, and flexibility in the way it can be accessed, may help to unlock the opportunities that will allow the widest pool of talent to enter and progress within the legal sector.
77. Furthermore, education and training provisions allow for an effective workforce that is seen to be both competent and possessing the appropriate range of expertise and skills wanted by the range of consumers, procurers and providers of legal services. It is important that provisions effectively address entry-level requirements but also continuous improvement and safeguards for those within the workforce.

Why this work matters

78. There are clear statutory requirements in this area that we share with the approved regulators - many of the regulatory objectives cut across the aims

of this work stream. Section 4 of the Act also requires the LSB to assist in the maintenance and development of standards in relation to approved persons; and in relation to their education and training.

79. Moreover, professional diversity, education and training and quality assurance are at the core of a credible legal workforce that inspires confidence. A workforce that does not reflect the full social diversity of the population may be questioned by modern, global consumers and a public that increasingly demands equality of opportunity. Further, for any workforce to succeed in a challenging economic environment it must be responsive to the changing expectations of consumers, procurers and the public. Regulation must facilitate and encourage innovation and modernisation.
80. There are therefore clear business advantages to a workforce of different cultural, social, educational and commercial backgrounds. We intend to highlight these advantages over the next 12 months.

Research evidence

81. We highlighted in last year's plan that there is a significant amount of valuable work already underway in this area. Our approach is and will continue to be to develop networks across all interested parties and encourage collaborative working. This will ensure maximum efficiency of effort, build the widest possible evidence base and identify the gaps where we can most effectively target our own limited resource facility.
82. In 2010/11 we aim to:
- reference the map of diversity issues, initiatives and gaps commissioned by the LSB's diversity forum of professional regulators;
 - highlight examples of diversity within the legal sector having a positive economic impact;
 - investigate what consumers understand of the existing quality assurance schemes and drivers for selection.

Detail of work we will do in 2010/11

Activity	Description	Milestone/output
Setting the direction	Develop, with regulators, an overarching approach including activities, outcomes and measures and including links to the Milburn recommendations for social mobility and government response.	Q1 (10/11): publish a paper setting out our analysis and focus for future activity
Workforce access (diversity and social mobility)	Work with the approved regulators to agree the framework to measure the effectiveness of current programmes.	Q2 (10/11): publish framework and review progress against it at quarterly diversity forums
Education and training	Develop a broad understanding of current qualification routes and bring together approved regulators, educators, Skills for Justice and other stakeholders.	Q1 (10/11): publish single source map of qualification routes
Quality assurance	<p>Develop understanding of how consumers view quality and what they understand of the range of assurance measures and titles provided by different arms of the sector.</p> <p>Take the lead in achieving clarity of understanding over which bodies should be responsible for the development and delivery of different types of quality assurance.</p>	<p>Q3 (10/11): publish research report</p> <p>Q4 (10/11): initial analysis of other accreditation schemes</p>

The medium-term outcomes that this work will contribute to

83. By 2013, consumers will be confident that their access to justice is facilitated by a legal workforce that:

- at all levels ever more closely matches the diversity of the UK;
- actively works to overcome discrimination and disadvantage in its own working practices and cultures, going above and beyond its statutory

objectives;

- is rigorous in setting, monitoring and communicating competency levels;
- consistently modernises itself through formal continuing education requirements and a consistent culture of professional learning and improvement;
- is transparent in its diversity and quality assurance to allow consumers to make informed choices about the type of provider that they use and allows aspirants to choose the type of provider they work for.

Improving access to justice

Regulatory objectives supported



Work stream overview

84. There are many factors affecting access to justice. Our work programme seeks to address these by working with approved regulators and others to gather evidence and understanding of the barriers to access that exist in the legal services market place and the factors that drive consumer behaviour in the choice and use of legal services. Over time, this work will help us to develop a more co-ordinated and sophisticated approach to public legal education, and the work we do with partners and stakeholders, to make a measurable contribution to improving access to justice. We will explore the potential for legal helplines and comparison websites to improve consumer education.
85. We will also consider the impact that commercial mechanisms such as referral fees have on the functioning of an efficient and fair legal services market and how they impact access to justice. We will be informed in this by advice from the Consumer Panel and by the findings of Lord Justice Jackson's review of civil litigation costs. We will explore more widely how the costs of legal services shape consumer choices.
86. In addition, we will consider whether the current scope of regulation, in terms of the activities that are regulated as 'reserved legal activities', is in any way affecting the ability of the legal services market to deliver access to justice. In this instance, we expect to need to balance better consumer protection with additional costs of regulation. In reaching a position on the issue of currently unreserved activities we will need to consult widely as there is a very wide range of legal type services currently not regulated. We will also need to consider how differently regulated areas such as claims management and immigration and asylum fit into the overall regulatory landscape.
87. As part of our work exploring the limits of current regulation, we will consider how the protection of title affects the market.

Why this work matters

88. Access to justice is one of the key foundations to the maintenance of civil society and one of the most difficult things to deliver. This is recognised in the Act by the requirement placed on LSB and the approved regulators to improve access to justice. It is also an area of activity to which we are likely to be held to account over the coming years.
89. A proper consideration of access to justice requires sophisticated understanding of the market – both in terms of supply and demand. For individuals eligible for legal aid to those currently above the legal aid eligibility levels and for small business to major corporations – we must ensure that the regulatory framework supports this area. Our work in the next year will help us to better understand the current performance of the market and serve as a baseline for improving access to justice in the future.

Research evidence

90. This is an area of work where robust understanding of consumer behaviour and the factors that influence choices will be essential. We intend to review existing research (consumer, academic etc) and to commission original research to gain a better understanding of what characterises consumer behaviour in the legal services market.
91. We will seek to bring robust analysis to the areas of market segmentation and penetration; customer journeys and legal need. We will review existing research, commission further research (with partners wherever appropriate) and publish accessible summaries of research where this will help drive evidence based regulatory interventions.

Detail of work we will do in 2010/11

Activity	Description	Milestone/output
Understanding how and when consumers use the legal services market	<p>We will review existing research on legal need and commission further research where appropriate.</p> <p>We will work with stakeholders to consider the potential for a “legal direct” advice and signposting service and consider the impact of ‘comparison’ type websites.</p>	Q2 (10/11): publish a review of demand and supply side research on the legal market
Making the decision to regulate	<p>Understand the costs and benefits of regulating currently unreserved legal activities.</p> <p>Identify criteria for determining whether an area of advice should be regulated.</p> <p>Undertake an initial review of the existing regulatory frameworks for claims management and immigration and asylum so as to inform our approach to reserved/unreserved legal advice.</p>	Q3 (10/11): publication of consultation document on the decision framework for making a legal activity reserved
Civil litigation costs	<p>Work with the Consumer Panel on the development of policy on referral arrangements.</p> <p>Understand the impact that civil litigation costs have on access to justice.</p>	Q3 (10/11): publish initial views on the impact of referral arrangements on the delivery of the regulatory objectives

The medium-term outcomes that this work will contribute to

92. By 2013:

- consumers will be more knowledgeable about how to access legal advice from a range of sources and be better equipped to find the answers they need on any given issue;
- the legal services market will facilitate improved access to justice for all consumers:
 - by bridging the divide for those whose incomes exceed legal aid thresholds but fall below the level required to purchase essential legal services;
 - by addressing information asymmetries through the provision of trusted sources of information which give better insight into the costs and quality of legal services.

3

Demonstrating value for money and good governance

Resources to deliver our Plan

93. Table 1 shows our proposed budget for 2010/11, our first year of operation at our full capacity. The figures presented represent the outcome of detailed work on our baseline costs, for example in ensuring that we have the necessary legal advice and resources available in a timely fashion. It is designed to underpin the current proposed level of activity, in particular the need to ensure that we have a robust research programme to evaluate the evidence base on legal services reform and to fill the gaps that we perceive in it, if the policies we develop are to be soundly based.
94. We have also taken on board comments made by many of the approved regulators and consumer organisations (Which?, Consumer Focus and so on) and identified and resourced the Consumer Panel to an appropriate level in order for it to function effectively and independently. The sum identified allows for appropriate reimbursement of Panel members, high quality support staffing and a small budget to ensure that its other direct support needs can be met. We expect that the Panel will have a major impact on how the Board chooses to spend its research budget and that many projects will in effect be co-sponsored.
95. Table 1 also sets out planning assumptions for 2011/12 and 2012/13. These are necessarily somewhat speculative, given:
- the absence of a track record of forecasting activity levels for our core “business as usual” activities;
 - uncertainty about whether, and if so to what extent, the LSB itself has to take on any direct regulatory or licensing activity role;
 - the uncertainty about the extent to which the regulatory review process uncovers the need for further investment or, conversely, enables us to commit less resource in key areas;
 - while we hope never to have to use them, any use of the LSB’s enforcement powers is likely to generate significant resource pressures for the organisation;
- the possibility of reform of arms’ length bodies in general and changes in the justice arena in particular.
96. However, as demonstrated by the fact that we are on course to clearly keep within the implementation costs ceiling, and our stated intention of keeping the body to around 35 staff, we can be clear that the LSB has no agenda to expand its remit. In the first instance, we will always seek to accommodate new tasks within existing resources or through reprioritisation before deciding whether to pass costs through to those who pay the levy.
97. Against that background, our planning assumption is that our spend in both 2011/12 and 2012/13 will increase only by the level of the RPI. We will seek to mitigate this by seeking ever improving methods of working and where practicable savings in our support services. However, our small scale means that the scope for significant savings are limited and we will not compromise on progressing the regulatory objectives for purely financial reasons.

Table 1 – LSB budget for 2010/11 and predicted budget for 2011-13

	2010/11 Operational Budget £000	2011/12 Operational Budget £000	2012/13 Operational Budget £000
Staff	2,725	2,800	2,850
Accommodation	585	590	610
IT/Finance/Facilities	226	233	240
Research	300	300	300
Office costs	173	168	165
LSB Board	226	221	216
Legal ref./support	48	51	55
Contracted out services	127	127	127
Consumer Panel	204	210	216
Depreciation	136	136	136
Total Excluding OLC Board	4,750	4,836	4,915
OLC Board	166	162	160
Total Including OLC Board	4,916	4,998	5,075

Recouping our costs

98. We are required by Part 7 of the Act (specifically S173 –175) to meet all our, and the OLC's costs through a levy on the approved regulators. In April 2009, we consulted on the proposed methodology for the apportionment of all leviable expenditure for the establishment of the LSB and the OLC, and the running costs of the LSB until the end of March 2010.

99. The Act allows us to propose different methodologies for different aspects of the levy. As a result, we proposed a different methodology for apportioning the set up costs of the LSB from the OLC. This met with general support and acceptance.

100. We did, however, take into account responses to our initial consultation proposals which objected to the suggested payment schedule of recouping 70% in the first year, 20% in the second year and 10% in the final year. After considering the response we proposed recoupment of a minimum of 34% in the first year and then 33% in each of the second and final year.

101. We have committed to consult widely again during Spring 2010 to determine how to levy to recoup the ongoing running costs of both the LSB and OLC from the approved regulators in a way which is as fair as practicable and avoids undue administrative burdens.

Governance structure

102. The LSB is committed to the highest standards of corporate governance. We are accountable to Parliament through the Lord Chancellor and are sponsored by the MoJ. The principles and strategic framework of the relationship between LSB and MoJ are set out in Framework documentation. As a Non-Departmental Public Body (NDPB), the scrutiny provided by our sponsor department contributes to providing the necessary assurance to those who fund us that we operate as efficiently as we can, demonstrating value for money and ensuring that we do not seek to 'gold plate' any of our activities.

103. Internally, the Board is responsible for the strategic leadership and direction of the LSB, as well as ensuring that we comply with principles of good corporate governance. The Board has established

an Audit and Risk Committee whose role includes: reviewing and endorsing the annual budget, Annual Report and Accounts; external audit and any issues arising from the interim and final audits; appointing the internal auditors, approving the internal audit plan and receiving internal audit reports; and overseeing risk management in LSB. The Board has also established a Remuneration and Nomination Committee. The Board sees minutes of both of these Committees and also receives written reports about any significant issues arising during the meetings.

104. At working level, the Senior Management Team (SMT) is responsible for the implementation of the strategy agreed by the Board and the day-to-day management of the organisation. The organisation chart as at 11 December 2009 is attached at Annex 2.

Risk management

105. We have implemented a risk management strategy across the organisation in order to ensure that we are not prevented from achieving our objectives by having to react to unforeseen pressures. The principles outlined in the 2009/10 business plan have been embedded into the strategy and a process of collecting and logging risk has been set up.
106. Risk identification is an ongoing process within the LSB and there is a collective responsibility for the identification and monitoring of both corporate and project risks, through regular review at our Programme Board, SMT, Audit and Risk Committee and Board meetings.
107. The Board's tolerance for risk will vary depending on the nature and severity of individual risk. However, in general the work of the LSB whilst it continues to establish itself will carry with it a high degree of risk to allow it to achieve its ambitious programme of work. We will regularly review our approach to risk and ensure that the actions that we take are proportionate to the operational requirements of the organisation.

Measuring our performance

108. We expect to be publicly scrutinised for our performance by both Parliament, those we regulate and those we regulate for – legal services professionals and consumers of legal services.
109. Our work plan describes both the medium-term outcomes we expect to see both directly and indirectly as a result of the activity we undertake, and the milestones we intend to meet in year (see Annex 3 for a summary). Whilst we can readily report our progress against delivery of 'hard' milestones, many of the medium-term outcomes we are aiming to facilitate are subjective and do not readily lend themselves to 'hard' numerical indicators.
110. We therefore intend to develop a 'balanced scorecard' approach to measuring and accounting for our performance which incorporates a combination of hard indicators of organisation performance and soft assessment of market impact.
111. In addition, as we begin to exercise our direct regulatory responsibilities – reviewing applications by approved regulators to changes to their regulatory arrangements and considering applications for approved regulator and licensing authority status – we will develop and publish appropriate service standards so we can measure and account for our performance.
112. We will also measure our own performance as a regulator against the methodology we develop for approved regulators when we undertake regulatory reviews.



Responding to this consultation

113. We welcome views and comments on all aspects of our draft Business Plan by 5pm on Friday 5 March 2010. This is less than the usual 12 weeks we typically allow for formal consultations to allow us to reach conclusions before the start of the financial year.

114. We would prefer to receive responses electronically (in Microsoft Word format), but hard copy responses by post or fax are also welcome. We are also keen to engage in other ways and we would welcome contact with anyone with an interest in the work proposed in this draft Business Plan during the consultation period.

115. Responses should be sent to:

Email: consultations@legalservicesboard.org.uk

Post: Michelle Jacobs,
Legal Services Board,
7th Floor,
Victoria House,
Southampton Row,
London
WC1B 4AD

Fax: 020 7271 0051

116. We intend to publish all responses to this consultation on our website unless a respondent explicitly requests that a specific part of the response, or its entirety, should be kept confidential. We will record the identity of the respondent and the fact that they have submitted a confidential response in our summary of responses.

117. If you want to discuss any aspect of this consultation, or need advice on how to respond, please contact the LSB by telephone (020 7271 0050) or by one of the methods described in paragraph 115.

118. We will consider all responses to this consultation and will publish the final Business Plan for 2010/11 in April 2010.

Annex 1

The regulatory objectives

Introduction

1. The Act obliges the LSB, the OLC and the approved regulators all to act, so far as is reasonably practicable, in a way that is both compatible with the eight regulatory objectives and most appropriate for meeting them. This mutual underpinning, far from binding those obliged to have due regard to it to an identical agenda, allows each organisation to develop an appropriate approach to meeting the unique challenges faced. The flexibility though does not extend to what the regulatory objectives mean: they mean what they mean and bind approved regulators and the LSB to a set of outcomes. The flexibility is for the precise route not the destination.
2. In this Annex, we seek to link the regulatory objectives (as we will apply them to both the approved regulators and ourselves) to the joint endeavours ahead. In doing so, we have also borne in mind the additional obligations on the LSB: to have regard to best regulatory principles and practice; to assist in the maintenance and development of standards in relation to the regulation of lawyers and their education and training; and the need to manage our affairs in accordance with good corporate governance.
3. The regulatory objectives are not set out in any hierarchy in the Act. Indeed, any attempt to weight or rank them would be doomed to failure by the significant overlap and interplay between them. Rather we look at them as a collective whole - as both framework and limits for the delivery of effective oversight regulation by the LSB. We set out on page 10 the questions and evidence that we will consider in measuring the impact of regulation against the regulatory objectives. Here we expand on our thinking so as to fully set out what the regulatory objectives mean.

RO1

Protecting and promoting the public interest

4. The public must have confidence in the legal system and those who work within it. That is because the legal system is key to the resolution of disputes, the proper maintenance of legal relationships and process - the rule of law, and indeed to democracy itself.
5. The duty is to protect and promote - to place actively the public interest higher than sectional interests of particular consumer or professional interests.
6. The LSB considers that the public interest is best served through a properly regulated market compatible with the regulatory objectives. But that alone does not guarantee the public interest. In meeting the regulatory objectives, the LSB and approved regulators will face tensions between different objectives that allow for different courses of action.
7. We also consider that a commitment to transparency is particularly important in relation to promoting the public interest. We will operate in that way, setting-out in consultation documents how our proposals help to deliver the regulatory objectives and we expect approved regulators to do the same.
8. The principle of separation of regulation and representation within the approved regulators is key to this objective. Technical compliance with the rules is an important foundation but nothing less than public confidence will satisfy the public interest as secured by this objective.
9. We intend that over time public and consumer confidence in the legal sector will rise, whether as measured by looking at complaints handling, faith in lawyers, or trust in regulation. The Legal Services Consumer Panel will be important in holding the regulatory framework to account for the consumer interest.

RO2

Supporting the constitutional principles of the rule of law

10. It is the essence of civil society that the citizen is protected from the actions of the state and his/her neighbour by the rule of law: no one is above the law. We recognise that lawyers play a central role in securing the rule of law. In considering our entire work programme, we are acutely aware that we must not do anything to undermine the rule of law and that we should take any opportunities that present through our work to support it. Approved regulators will want to continue to do the same.

11. We must therefore remain resolutely independent of government. This independence also insulates approved regulators from state encroachment into the regulation of the legal sector and is consistent with the effective separation of executive and judiciary. This latter point pays due regard to our role in regulating a constitutionally important sector that provides our judiciary.
 12. We will consider whether any of our proposals have implications for this objective and will expect the approved regulators to do the same. We are confident that the current and emerging regulatory framework does not, of itself, undermine the rule of law. We do not expect that, in practice, regulation will create risks in this context – it would not meet the better regulation standard if it did - so do not expect to need to undertake detailed monitoring of this objective.
 13. We will carry out our duties in a manner consistent with the rule of law, and will ensure that our regulation is accessible, intelligible, clear and predictable. This means that we will not seek to articulate every duty, responsibility or activity on strictly legal terms or in inaccessible technical legal language.
 14. Consumers will notice this in the way complaints are handled. There we will foster an approach of fairness at all levels of legal services as we consider that this is consistent with the rule of law, even though much of the resolution will take place through informal dispute resolution at service provider level or through the dispute resolution mechanism provided by the OLC.
 15. For lawyers we consider that this objective should shape how they behave and practice rather than how they organise their businesses. In particular, we will be very cautious in entertaining arguments that alternative business structures in and of themselves threaten the rule of law. We must always be mindful of the difference between proper protection of the constitutional independence of the profession, for example in relation to its duties to the court, and illegitimate protection of specific business models.
- achieve that outcome range from informing the public about their rights, through legal services, to tribunals and courts. The agents of delivery are wide and, of course, legal professionals are at the heart of this along with many other actors in legal services and the wider justice sector.
18. We consider that access to justice means more than a traditional sense of access to legal services. Justice is more than the resolution of disputes: it includes 'just' relationships underpinned by law. Those rights that in a minority of circumstances might end up being protected in court cannot be separated out from other legal rights, responsibilities and relationships. The escalation of a relationship (contractual, private or with the state) through disagreement to legal dispute and to legal action and court resolution is all acted out in a legal framework of justice. Justice is under-pinned by legal knowledge, legislative frameworks, dispute resolution and the infrastructure of the legal services market and the court system as well as by the outcomes that consumers secure.
 19. Access too must be conceived widely in our view. It encompasses services delivered through any channel such as face-to-face, telephone or internet. We take a wide view of access to include those services not tailored to the individual such as information services on the web, in leaflets or any other form. Access encompasses services both individually tailored and those tailored to groups or provided to potential consumers. We do not define access only in terms of authorised persons but include access provided by the wider legal services industry and related advice bodies in the third sector.
 20. Access to justice is relevant to all consumers such as individuals, groups, and organisations from the smallest to the largest. It is not restricted by income, scale or importance to the client as it brings a sense of proportionality and fairness to all legal relationships, disputes and proceedings.
 21. We take this wide view of access because we consider that providers of legal services should not only be free to innovate and develop new approaches to meeting and satisfying consumer need/demand, but should have every incentive to do so and that actual or potential barriers to such innovation should be removed, consistent with a reasonable and balanced approach to the achievement of the other objectives. Consumers should be empowered to access services in any way that suits them, confident that providers will meet their needs and preferences because justice is not served when

RO3 Improving access to justice

16. The access to justice duty is a strong one. It is a continuing duty to improve, which in our view recognises the shifting and increasing demands of consumers within a dynamic market.
17. Access to justice is the acting out of the rule of law in particular or individual circumstances. The tools to

people are disenfranchised from their rights by a system that they find incomprehensible, inaccessible or unaffordable.

22. Thus we do not define access in terms of the number of businesses providing services or the number of lawyers regulated because we recognise that demand may be satisfied through other delivery channels or business structures than the traditional law firm. We have no preference regarding future types of business structure – that is for investors, owners and consumers to decide.
23. We do not expect to pass judgement on the administration or operation of courts, tribunals or legal aid, but we may comment on them where they impact upon legal services and through that the regulatory objectives.
24. Our objective is to facilitate a market that improves access to justice. As the market develops, we cannot rule out that in some types of work, for some consumers there may be a reduction in the availability of some types of services. We do not automatically equate that with a reduction in access to justice but will listen to consumers to see if demand is not being met. We will seek to use regulation to maximise access to justice by targeting our interventions.
25. We will work with stakeholders to improve our understanding of the legal services market from a consumer perspective as well as a supply side analysis so that we can measure how well consumer needs are met.

RO4 Protecting and promoting the interest of consumers

26. The interests of consumers are best defined by consumers rather than by lawyers or regulators. Our obligation here is tough - it is to protect and promote. That requires strong action from us to ensure that the legal services market offers consumers the opportunity to make informed choices about quality, access and value.
27. We will improve our own understanding of consumer need in all its diversity and granularity. We expect approved regulators to follow this lead. This will help provide a platform for those that seek to deliver legal services to improve and develop services for clients.
28. We will work with the Consumer Panel, researchers, industry leaders, consumer groups and directly with consumers and the approved regulators to better identify and articulate consumer interest.

Fundamentally, we are of the view that a competitive market will drive providers to better understand and meet the needs of their consumers. We will continue to develop our knowledge of consumer expectations and experience as the market develops so as to help shape future regulatory interventions.

29. The Act leads us to a wide definition of consumers⁹ and we take that definition to encompass anyone who might have recourse to legal services because of a legal issue. It would be artificial and unhelpful to try to identify and exclude those individuals that might benefit from legal services but who have not contemplated their use. Thus, we include those who may be contemplating using legal services as consumers. By taking such a broad definition, we are ensuring that regulation focuses as much on those that could benefit from legal services but, for whatever reason, are unaware of this.
30. Our focus will be on regulatory matters. With our current focus consumer confidence in independent regulation and complaints handling consumers can expect to see real change in the coming year and beyond.
31. We are aware that some stakeholders contest that the removal of ownership and business structure restrictions bring new and unique risks to the consumer interest. Whilst we understand these arguments, we are clear that we must manage these risks in partnership with approved regulators and legal service providers rather than prevent change. We are clear that many of the risks to consumers from new business structures exist at present.
32. We do not think that focussing on consumers in any way lessens the professional responsibilities of lawyers to give the best professional advice in each circumstance, even if that advice is not what the consumer wants to hear. Nor does it mean any lessening of lawyers' paramount duties to the court and the rule of law. However, we consider that it is as wrong-headed to pretend that there are no improvements to be made to the consumer experience of legal services as to imply that responsibilities to consumers somehow negate those to the wider public interest.

⁹ See Legal Services Act 2007 s8(4)

RO5 Promoting competition in the provision of services

33. The responsibility for approved regulators and the LSB in terms of competition is a proactive and positive duty. We consider that the duty to promote is the strongest of any of the duties implied by the regulatory objectives – it is stronger than encourage, support or protect in our view and at least on a par with improve.
34. This is fundamentally about rivalry. Individual providers of legal services should compete for capital and consumers, so as to drive better performance for both sides. Our responsibility does not lie with a measure of competitiveness or with a comparison with other markets (although that may be useful). Historically the legal sector has not faced the same competitive pressures as many other markets. The relationship between supply and price for example does not on the face of it conform to what economists would expect in an open market.
35. For consumers this will mean greater choice. A successful market will be one where clients are empowered to make informed choices about quality, access and value between a plurality of legal service providers.
36. For legal service providers this brings an endorsement and development of the plurality of supply that has been emerging in recent years. Regulation will support rather than hinder them when they deliver services in a way that is compatible with the regulatory objectives and stop them in their tracks when they undermine them.
37. Given the weight of public policy behind the promotion of competition, we will start our analysis from a presumption in favour of open competition rather than from a protection of the status quo. This is because the status quo has developed in a different regulatory framework and at a time when the regulatory objectives did not drive regulation. The LSB will expect to see compelling evidence from approved regulators to support any contention that a particular instance of restricting competition is not prejudicial to improving access to justice. In evaluating performance against this objective, we will consider the dynamism of the market. We will promote the need for research to develop a comprehensive understanding of market segmentation and the market.
38. We will also work with approved regulators to ensure that no element of regulation acts as a barrier to

entry to (or indeed exit from) the legal services market unless it is justified in the light of all the regulatory objectives. We will challenge approved regulators to find other ways of managing risks (such as duties on regulated firms or consumer education) so as to eliminate as many barriers and restrictions as is compatible with the regulatory objectives. It is for those who seek to maintain restrictions to justify them rather than for those who argue for their removal to justify change. We expect all involved in regulation to learn through experience and not to avoid risks for fear of the unknown or of failure. We will not operate a zero failure regulatory regime in relation to individual firms and do not expect to see that approach adopted by approved regulators either.

RO6 Encouraging an independent, strong, diverse and effective legal profession

39. Independent primarily means independent from government and other unwarranted influence. A client should be confident that his/her lawyer will advise and act without fear that the state will penalise through regulation. Similarly, a client should be confident that this/her lawyer will advise and act without being prejudiced by other factors or interests – their advice should be independent of inappropriate influence. Similarly, lawyers should be confident that their independence is not constrained by their relationship with their client.
40. At its most basic, lawyers should be confident that taking action against the government would not impact upon regulation. But professional ethics also mean that the content of legal advice – but not the organisational context in which it is delivered – should not be determined by the commercial incentives of the lawyer or from associational or relationship pressures: remunerative litigation should not be recommended to a client who has little or no realistic chance of success.
41. Strong means that the profession is able to speak authoritatively on matters of relevance and is fully informed of consumer need and how to meet it. Its voice on law reform and the wider justice system should not be weakened through regulation. We consider that if approved regulators fully separate representative functions from their regulatory roles their professional voices will be heard more clearly.
42. A legal professional that did not fully understand consumer expectations and needs would be a weak player in the legal market. We will work with approved regulators to ensure that they support their regulated community in understanding demand side issues.

43. A diverse legal profession is one that reflects and is representative of the full spectrum of the population it serves so as to harness the broadest possible range of talent in the meeting of the regulatory objectives. We consider that for public interest reasons and good business sense as much as for meeting this regulatory objective that the legal industry should reflect the population it serves. At entry, retention and progression we will support approved regulators in ensuring that there are no artificial barriers or discriminatory hurdles to legal careers caused by regulation. We will promote equality and diversity through our regulatory framework and we expect approved regulators to do the same.
44. An effective legal profession is one that is able to meet the changing needs of consumers and contribute to the meeting of the regulatory objectives. The profession's effectiveness is as much defined by consumers' expectations as it is by the professions and covers quality, access and value. We consider that quality comes from having appropriate education, training and quality assurance mechanisms as well as a consumer driven, competitive market.
45. We consider that these competencies are best considered across the whole legal sector or industry as well as at the firm or individual level. The professional principles govern the behaviour of individual authorised persons and therefore underpin this objective. To restrict this only to lawyers would be to exclude the significant proportion of those involved in delivering legal services that are not members of the profession. We therefore take a wide view of this objective in order to promote a sector-wide compliance.

RO7 Increasing public understanding of the citizen's legal rights and duties

46. Clarity about rights and responsibilities can reduce complaints and conflict, and increase confidence. Empowered consumers making informed choices drive providers of legal services to deliver the range of quality, access and value that clients demand. We therefore place considerable store on delivering this regulatory objective and note the broad and continuous nature of the obligation.
47. The consumption of most legal services by most consumers, be they an individual or a business, is infrequent and often distressed. It is beyond ambition to expect consumers to know their rights and duties in all situations when there is so little of life that exists outside of a legal framework. But we can ensure that consumers have an understanding of "rights and

responsibilities" as concepts and are confident about where to turn to identify them and their application in a particular situation.

48. We also consider that knowledge of rights and duties goes hand in hand with consumer capacity and confidence to access services that help them to understand, exercise or fulfil rights and / or duties.
49. Consumers can expect to see reliable sources of information and support about rights and responsibilities, delivered through a range of channels and often at low or no cost.
50. Lawyers can expect this to increase the potential volume for the overall legal services market and can equally expect many clients to be increasingly demanding.

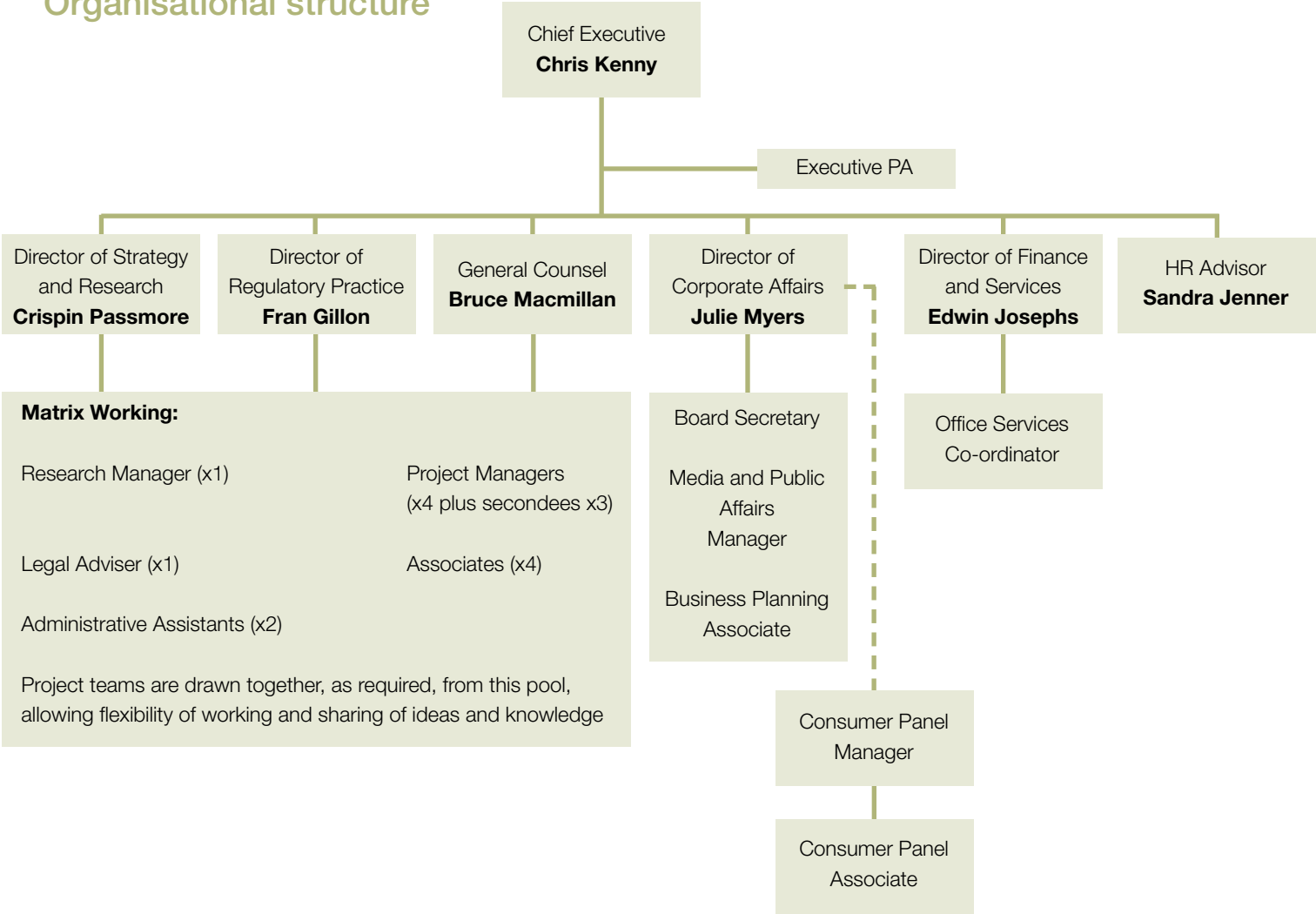
RO8 Promoting and maintaining adherence (by authorised persons) to the professional principles

51. The professional principles are given a detailed meaning in the Act that requires no expansion.
52. This very firmly places a responsibility on individual authorised persons to act in a manner that is consistent with the status of belonging to a profession. As the LSB oversees a more proportionate and focused regulatory regime, the legal services market will ensure that individuals that exercise control of new legal services providers will act within the professional principles: changes to the regulation of ownership and control will not be allowed to be accompanied by a reduction in professional standards.
53. We consider that the vast majority of lawyers already act in a manner consistent with the professional principles but recognises that effective regulation must include the effective identification and targeting of intervention on those that present the greatest risk, regardless of their professional background, or indeed the ownership or structure of legal service providers.
54. For consumers and lawyers alike, this regulatory objective provides a pillar of certainty in a changing market. If consumers are able to rely upon lawyers consistent adherence to these principles and lawyers hold on to them firmly as they respond to a changing environment we can be confident that consumers are coming first.

- RO1** Protecting and promoting the public interest
- RO2** Supporting the constitutional principles of the rule of law
- RO3** Improving access to justice
- RO4** Protecting and promoting the interest of consumers
- RO5** Promoting competition in the provision of services
- RO6** Encouraging an independent, strong, diverse and effective legal profession
- RO7** Increasing public understanding of the citizen's legal rights and duties
- RO8** Promoting and maintaining adherence (by authorised persons) to the professional principles

Annex 2

Organisational structure



Legal function

The legal function, led by the General Counsel, provides focused and effective support to the Board, to the SMT and to the LSB as a whole to ensure that all acts and decisions made by the LSB are legally sound and legal considerations are understood by the decision makers.

Finance and services

The LSB participates in a shared services arrangement with the Competition Commission to achieve maximum value for money and efficiency. This provides both resilience and efficiency in meeting the transactional processing elements of its corporate services of Finance, IT and Facilities.

Annex 3

Key milestones for the year

Quarter 1 2010/11 April - June	Workstream	Quarter 2 2010/11 July – September	Workstream
Hold research seminar on initial research findings	2A	Introduce new direct engagement with consumers	2A
Publish our finalised research programme for 2010/11	2A	Initial performance targets for the OLC agreed	2C
Publication of final guidance on licensing rules	2B	Assessment of approved regulators' dual self-certification on IGR compliance and next steps	2D
Consultation and engagement with approved regulators on the form of a review of first-tier complaints handling	2C	By 31 July LSB response in respect of adequacy of proposed action plans	2E
By 30 April 2010 approved regulators must submit their dual self-certification to the LSB	2E	Publish agreed framework for work on workforce diversity and review progress against it at quarterly diversity forums	2F
Publish a paper setting out our analysis and focus for future activity in relation to workforce diversity	2F	Publish a review of demand and supply side research on the legal market	2G
Publish single source map of qualification routes	2F		

Quarter 3 2010/11 October - December	Workstream	Quarter 4 2010/11 January - March	Workstream
Consult publicly on 2011/12 research programme	2A	Consultation on LSB's rules (if needed to become a direct Licensing Authority)	2B
Review the implementation of complaints handling procedures by approved regulators and agree next steps	2C	Publish review and consult on KPIs	2D
Publish research report on consumer understanding of quality assurance measures	2F	Unless disproportionate, full compliance with the rules demonstrated by each approved regulator	2E
Publication of consultation document on the decision framework for making a legal activity reserved	2G	Initial analysis of quality accreditation schemes	2F
Publish initial views on the impact of referral arrangements on the delivery of the regulatory objectives	2G		

Annex 4

Key milestones for the year

Although, broadly speaking, most strands of our work will further, to a greater or lesser degree, each of the regulatory objectives, some strands of work will have particular relevance to specific regulatory objectives. The following matrix highlights where specific projects directly support particular regulatory objectives:

	2A Consumer and public interest	2B Widening access	2C Resolving complaints	2D Regulatory excellence	2E Independent regulation	2F Workforce diversity	2G Access to justice
The public interest	X	X	X	X	X	X	
The rule of law			X		X		
Access to justice	X	X				X	X
Consumer interest	X	X	X	X	X	X	X
Enhancing competition	X	X			X	X	X
Independent, strong and diverse profession	X	X	X	X	X	X	
Citizen's rights and duties	X	X	X	X	X		X
Professional principles			X			X	



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