

Dear colleagues,

Draft Business Plan 2009/10

I am delighted to be sending you for comment a copy of the Legal Services Board's draft Business Plan for 2009/10.

The Plan explains how we intend to deliver the broad agenda for change demanded by Parliament in the Legal Services Act 2007 and realise the following anticipated benefits for consumers, for the professions and for the public at large:

- a market that allows access to justice for all consumers;
- greater competition in service delivery and the development of new and innovative ways of meeting consumer demand;
- empowered consumers getting the right quality of service at the right price;
- an improved customer experience with swift and effective redress if things go wrong;
- legal services professions which are as diverse as the community they serve and which constantly strive to improve standards of practice, quality and education; and
- certainty and confidence in the regulatory structures underpinning the market.

We are pleased to be at the stage of issuing this our first Plan. The schedule originally anticipated by Government suggested that we would not be in a position to do this until 2010. We have been able to move more quickly thanks in large part to the constructive engagement we have had with a wide range of parties with an interest in the regulation of legal services. This has included approved regulators, individual legal services professionals and businesses, consumer representatives and academics as well as the Ministry of Justice, all of whom have provided illuminating insights into the many different dimensions of our work.

This provides an early illustration of the philosophy of the LSB. We will engage, listen, challenge and debate with all who have an interest in a well-functioning legal services market, being sensitive to the prevailing economic climate, and will develop partnership approaches to working wherever we can. Indeed this will be essential if we, as an organisation of just 35 people, are to facilitate the ambitious programme of reform set out in the Act in as cost-effective way as possible.

The draft Plan makes clear the scope of our ambition. We will facilitate a programme of reforms to modernise the legal services market place in the interest of consumers, enhancing quality, ensuring value for money and improving access to justice across England and Wales. We will work in close partnership with others who have an interest in these areas – including the Government’s Panel on Fair Access to the Professions. In doing so we expect to underpin the reputation for excellence our legal services professionals rightly have at home and abroad.

The critical importance of widely accessible, affordable and appropriately qualified legal services providers to modern society, means that the legal services sector needs high quality regulation. Quality costs – but its absence is more expensive. Mistakes in this arena have the potential to cause serious harm to livelihood and indeed liberty. We are determined to implement a high-class organisation that has the talent and foresight commensurate with the unique attributes of legal services professionals and the central role they have in society but to do so as efficiently, effectively and transparently as possible.

We have identified the resources required to make appropriate headway on programmes of work across **all** of the eight, unranked, regulatory objectives of the Act. For this, the first year of our operation, we have concluded that we would be remiss and failing in our duties were we not, at least, to scope the work required to begin to deliver each of the eight objectives. Inevitably, and of necessity, the balance of activity is not equal - but we judge it to be weighted in the way most conducive to meeting the aspirations of the Act in the longer term.

Implementation of the LSB and its draft Business Plan for 2009/10 will cost £4.9m out of a leviable implementation budget for the LSB and Office for Legal Complaints combined of £19.9m¹. This is £0.8m greater than the estimate of £4.1m included in the Supplement to the Regulatory Impact Assessment (RIA)² prepared by the Government in June 2007 to inform the passage of the Act. But it is greater with good reason, reflecting as it does the wider scale of the Board’s ambition.

Our approach goes beyond being simply being a rule-making organisation. We could have spent our first year focusing solely on drafting technical rules on alternative business structures and regulatory independence. But this would have neglected examination of underlying market structure issues and omitted work on building regulatory capacity within approved regulators: both of which are important pieces of work that could reduce the need for more intrusive oversight regulation in future years. Indeed, as we look ahead, our future running costs are within the estimates put forward by Government during the passage of the Act. We should also make clear that there is no intention to change to the overall £19.9m implementation figure; we are committed to this remaining a firm ceiling.

We believe the draft Plan, describing as it does our proposed organisation design, forward work programme and resource requirements, contains the right blend of firm action, evidence gathering and forward thinking for the first year of our operation. We will however only succeed if our proposals and results meet the aspirations of all of you with a stake in the legal services market.

¹ As required by the Legal Services Act 2007, we will recoup these costs through a levy on regulated professionals. The nature of the levy, including the period of recoupment and the level of individual financial obligation for each individual will be the subject of LSB consultation during 2009.

² <http://www.justice.gov.uk/docs/RIA-Supplement-v021.pdf>

Inevitably, there are issues in the Plan that we will need to discuss in more detail than has been possible so far. As such, this is very much a first attempt to describe what we plan to do and how. We are seeking comments on this draft Plan, to help us develop our thinking and our proposed work programme, by **13 March 2009**. Whilst this is less than the typical 12-week consultation period we plan to adopt, wherever possible, for LSB consultations, it is unavoidable if we are to have a confirmed Plan in place by the start of financial year 2009/10.

Please tell us what you think – we need your views.

Yours faithfully



David Edmonds
Chair



Chris Kenny
Chief Executive