

BY EMAIL

Regulatory body Chief Executives and equivalents



**LEGAL SERVICES
BOARD**

Legal Services Board
3rd Floor
One Kemble Street
London WC2B 4AN

T 020 7271 0043

www.legalservicesboard.org.uk

25 September 2019

Dear Colleagues

Regulatory performance assessments

You will be aware that the LSB has recently published progress reports under our regulatory performance framework. These set out the steps each regulatory body is taking to meet the outstanding unmet outcomes from our January 2019 transitional report.

As we look forward to our next assessment in November and our future work beyond that, I am taking an opportunity to clarify the LSB's expectations in three key areas. This is based on themes that have emerged across regulators over the last 9 months, since we published our transitional reviews. This letter is being sent to all regulatory bodies.

1 *Transitional review action plans*

Overall we note that regulatory bodies are taking steps to remedy the unmet outcomes from the published action plans. The majority of actions related to more complicated issues of structure and approach and therefore there were only limited examples of outcomes that we expected regulators to have a short-term solution to. When we conduct our next assessment in November, which will be nearly 12 months since we communicated our transitional assessments in late 2018, we expect to see fewer *Not met – action being taken* outcomes. At that stage we will consider whether we should downgrade our assessment of outcomes that remain unmet to *Not met – action required*.

2 *Timeliness and quality*

The LSB's performance assessment arrangements are an important part of the framework that underpins independent regulation of legal services in the public interest. We expect regulators to co-operate fully and effectively in making those arrangements work. It is a matter of regret, therefore, to have to report that in many cases there has been a slow response to LSB requests for information, and that the quality of information provided has varied widely. This has an impact on the efficiency and associated cost of our work in this area.

I am therefore writing: a) to request your assistance in ensuring that performance assessments run as smoothly as possible; and b) to let you know that in the future, submission of incomplete or late information will be considered by us as a potential indicator in our assessment of performance against the *Well-led* outcomes.

3 *Quality issues with rule change applications*

In a similar vein, we are concerned about a deterioration in the general quality of rule change applications over the last twelve months. Applications are often incomplete, lacking in supporting evidence and rationale and do not highlight all the changes requested clearly.

This trend has coincided with a significant and sustained increase in the volume and complexity of rule change applications as regulators continue to modernise their frameworks. While we welcome and encourage this increased activity as a reflection of desirable change, in order to manage it efficiently and keep any increase in costs to a minimum we will need to be clearer in our expectations of quality. In the medium term we are likely to consult on formal mechanisms to achieve the necessary efficiencies. In the meantime, I am requesting your assistance in ensuring that rule change applications can be assessed as smoothly and efficiently as possible. Going forward, we will report to you directly where we consider applications not to have met the expected thresholds.

Next assessment

For the next assessment we will require a short report from you setting out the steps you have taken to meet the actions set out in our last assessment. **Please submit your report by Friday 1 November 2019.**

In terms of our process, we will then consider the information you provide and update the current assessment and action plan. In doing so we will work closely with your team to agree, as far as possible, any new actions and milestones. We will then ensure that you have time to fact-check our final assessment before publication.

We want to ensure that the assessments are published in a more timely way in the future and therefore we intend to publish the updated assessments by 13 December 2019.

I hope you find this feedback helpful and that it gives you sufficient advance notice of our plans to allow you to take the necessary steps to ensure that you are able to meet our requirements.

Should you wish to discuss any of this then please contact me.

Yours sincerely



Chris Nichols

Director of Policy

E chris.nichols@legalservicesboard.org.uk