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Reshaping Legal Services to Better Meet Society's Needs

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Director, Regulation & Policy

15 November 2023

Overview of the Legal Services Act

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- The Legal Services Act 2007 (LSA) establishes the framework for the regulation of **reserved legal activities** in England and Wales and establishes the LSB as the oversight regulator. The six reserved legal activities are:

1. the exercise of a right of audience
2. the conduct of litigation
3. reserved instrument activities
4. probate activities
5. notarial activities
6. the administration of oaths

- Only **authorised persons** authorised by the **approved regulators** can carry out reserved legal activities, including those covered by the MLRs.

There are **9 Regulatory Objectives** that must underpin the work of the LSB and approved regulators :

- protecting and promoting the public interest
- supporting the constitutional principles of the rule of law
- improving access to justice
- protecting and promoting the interest of consumers
- promoting competition in the provision of services
- encouraging an independent, strong, diverse and effective legal profession
- increasing public understanding of the citizen’s legal rights and duties
- promoting and maintaining adherence (by authorised persons) to the professional principles
- ***detecting and preventing economic crime**** *(as set out in the Economic Crime and Corporate Transparency Act)*

Reshaping legal services

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LSB activities 2023/24 and the strategic themes

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All of our workstreams are underpinned by our statutory functions - Regulatory Performance and Statutory Decisions, OLC oversight and SDT oversight

	Workstream	Fairer outcomes	Stronger confidence	Better services
Ongoing and carryover commitments	Curating the strategy	✓	✓	✓
	Disciplinary and enforcement processes	✓	✓	
	Equality, diversity and inclusion	✓	✓	✓
	Financial protection arrangements		✓	
	Review of education and training guidance	✓	✓	✓
	Review of first tier complaints rules and guidance		✓	✓
	Rule of law and professional ethics	✓	✓	
	Technology and innovation	✓	✓	✓
New workstreams	Consumer vulnerability	✓	✓	✓
	Evaluation of IGRs		✓	
	Market surveillance	✓	✓	✓
	Review of LSB enforcement policy	✓	✓	
	Access to justice	✓	✓	✓

Financial Protection arrangements for consumers

- The LSB has been looking into PII premiums and regulators’ arrangements for providing financial protections to consumers

- We want to ensure that the policy frameworks in place strike the right balance between consumer protection and affordable and sustainable costs

- We have recently published joint research with the SRA looking drivers of higher premiums:
  - The average PII premium paid by a law firm equates to 5% of annual turnover
  - Around one fifth of firms are paying premiums equivalent to 10% or more
  - **Firms doing property work, and smaller firms tend to pay higher rates**

- We will be setting out policy options for the regulators to reflect on when they come to review their financial protections arrangements. We will also be writing to the financial regulators urging them to address the apparent lack of competition in the PII market

Ongoing competence

We expect regulators should:

- Have competence frameworks that set standards to be met at the point of authorisation and throughout careers
- Understand the overall level of competence across the professions, drawing on insight and intelligence
- Establish upstream measures to ensure standards of competence are maintained across the professions
- Ensure suitable remedial action is undertaken where appropriate

Consumer empowerment

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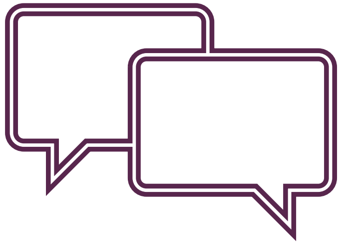
In April 2022 the LSB issued a **statement of policy on empowering consumers**

1. Too many consumers find it difficult to understand and navigate the legal services market

2. We expect regulators to take action to empower consumers to make more informed choice of legal services provider

3. We think consumers should be able to access useful and comparable information from providers about their price, quality and service (including whether or not they are regulated)

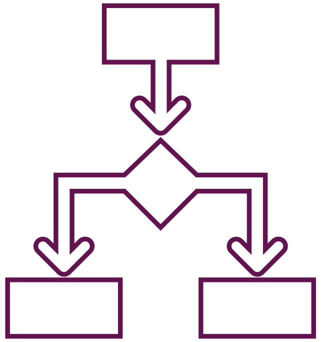
First Tier Complaints



We are currently consulting on new statutory Requirements and Guidance, and a new statement of policy on first tier complaints.

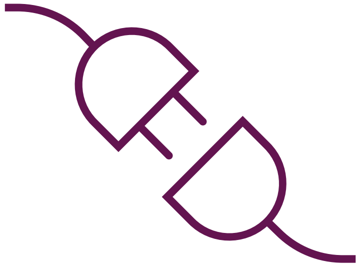
Through this work we aim to:

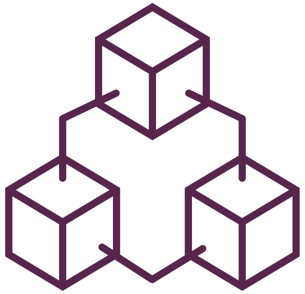
- deliver a step-change improvement in the resolution of first-tier complaints, by ensuring that authorised persons' complaints procedures are effective, efficient and fair
- foster a culture where legal professionals are receptive to, and learn from, complaints and feedback on their services.



This work builds on findings of primary research we carried out earlier in the year which identified empathy, transparency, accessibility, fairness and ease of use as key principles which should underpin first tier complaints processes

Technology to improve access to legal services





We are have just consulted on our draft statutory guidance on promoting technology and innovation to improve access to legal services.

The LSB's draft statutory guidance for legal services regulators aims to promote:

- greater access for consumers to a broader range of legal services that better meet their diverse needs;
- a legal services market that is open to technology providers and legal services innovators who wish to enter the market and deliver services to consumers; and
- improved access to justice and a reduction in unmet legal need.

Once the guidance is introduced, the LSB will consider how regulators take account of it through its annual regulatory performance assessment.

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Thank you

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