

The Legal Services Board

ABS – What’s Different ?

Crispin Passmore, Director of Research and Strategy

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Agenda

- Changes in the environment
- Changes in regulation
- Specific ABS changes
- Next Steps

Environment - Consumers

- More demanding
 - Corporate Clients
 - Legal Services Commission and other public purchasers
 - Individuals in dispute
 - ... and in day-to-day transaction
- More cash-strapped and time poor
- Increasingly better informed – but further to go

Environment – Commercial/Service

- Evolution of service
 - From time-based billing to commodity or outcome pricing
 - ADR as well as litigation
 - Distant as well as face-to-face
- Technology
 - Both drives and enables response to changing market conditions

Environment – Commercial/Service

- Evolution of workforce
 - Greater and lesser Professionalism
 - Professional numbers grow as law –both civil and criminal –reaches more parts of life
 - But focus increasingly on supervision of others as on individual delivery
 - As legal services become a more professional industry, role of individual Professional changes

In short...

- Business excellence and creativity as important as legal excellence
- Regulatory framework needs to catch up to
 - Enable legal services industry to respond in business time
 - Ensure that essential consumer protection is maintained
 - ... and incentives for best consumer practice are enhanced
- Focus on risk and proportionality

Changes in regulation

- Entity, as well as, individual regulation
- Holistic regulation – 8 regulatory objectives, shared by LSB and Approved regulators
- Shift to outcomes, not rules
 - Removing barriers, rather than writing rules
 - Status quo calls for as much justification as change
- ABS can be precursor for more flexible regulation generally

ABS Requirements

- Evolution of detailed arrangements
 - Outcomes
 - Rules
 - Supervision and monitoring
- Preservation of public interest and commercial neutrality
 - Where risks are the same, the protection will be identical
 - Where they are greater or different, the response will be proportionate
 - Market will not be rigged for or against ABS

ABS Specific Requirements

- More focus on entry – fitness to own test
- More focus on governance and compliance – HoLP and HoFA rule
- More focus on consumer protection
- Compensation and indemnity
- Demonstrable benefits to Access to Justice
- Special bodies

Watch this space!

- Act ended 6 years of debate on the principle. Now it's practicalities
- Broad welcome for LSB and SRA consultations so far
- LSB – detailed next steps on licensing rules consultation closes this Friday
- Robust detailed implementation plan to enable delivery in mid 2011 now in place.

Watch this space!

- Regulation is catching up fast with the changing market
- New opportunities emerging quickly
- All the market will need to respond – whether you decide to play or not.