

**By email only** (under s203 of the Legal Services Act 2007)



**LEGAL SERVICES  
BOARD**

The Chief Executive's Office  
Legal Services Board  
One Kemble Street  
London  
WC2B 4AN  
T 020 7271 0050  
F 020 7271 0051

[www.legalservicesboard.org.uk](http://www.legalservicesboard.org.uk)

Iain Stark  
Chair  
The Association of Costs Lawyers  
Herringbourne House  
Lion Road  
Palgrave, Norfolk  
IP22 1AL

24 April 2019

Dear Iain,

**Warning notice issued pursuant to paragraph 21(1)(b) of Schedule 4 to the Legal Services Act 2007**

This warning notice, issued under paragraph 21(1)(b) of Schedule 4 to the Legal Services Act 2007 is to inform the Association of Costs Lawyers (ACL) that the Legal Services Board (LSB) is considering whether to refuse the Cost Lawyer Standards Board's (CLSB) application, submitted on 26 January 2019, seeking approval of alterations to its regulatory arrangements to introduce a new Costs Lawyer Competency Assessment (CLCA). The words used in this notice have the meanings given to them in the Legal Services Act 2007 (the Act).

The LSB has decided to consider further the CLSB's proposals to introduce a new route of entry into the profession. The replacement of the current training rules will mean the currently suspended training course run by ACL Training will cease to exist once the current cohort of students has completed it. The proposed CLCA would be the new route of entry into the profession. The CLSB noted in its application that "The CLSB believes that a means of entry system which focuses on the outcomes to be achieved rather than structures and processes will have a positive impact on the quality of the costs law services provided, and will increase the number of qualified and regulated costs law practitioners."

Having considered the application and responses provided by CLSB to a number of issues that the LSB has raised, the proposed changes continue to raise significant questions for the LSB and as a result we are considering refusing the application under paragraph 25(3) of Schedule 4 to the Act. Of particular bearing with respect to the changes proposed is whether:

- Granting the application would be prejudicial to the regulatory objectives, including, protecting and promoting the public interest, protecting and promoting the interests

of consumers, promoting competition in the provision of services, encouraging an independent, strong, diverse and effective legal profession & promoting and maintaining adherence to the professional principles (paragraph 25(3)(a) of Schedule 4 to the Act).

- Granting the application would be contrary to the procedures (whether statutory or otherwise) which apply in relation to the making of the alteration (paragraph 25(3)(f) of Schedule 4 to the Act, and in particular rule 11(j) of the LSB's Rules for applications to alter regulatory arrangements ("the Rules")).

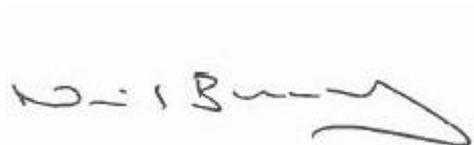
Our concerns include, but are not limited to:

- The lack of information and evidence to support the stated rationale for the CLCA.
- Concerns about the robustness and rigour of the proposed assessment framework.
- The proposed approach to granting rights of audience appears inadequate and appears to contradict the wider outcomes-focussed approach provided by the CLCA.
- The application does not present sufficient evidence on the potential equality impact or wider cost implications of the proposal.
- We are concerned that inadequate assurance has been provided on the plan for implementation, delivery and ensuring the ongoing viability of the new approach.
- Finally, we are concerned about the process of consultation that the CLSB has undertaken to develop these proposals.

The attached letter to the Chief Executive of the CLSB sets out in more detail the reasons for this notice.

The effect of the warning notice is to extend the decision period in which the LSB can consider the application. Paragraph 26(3) of Schedule 4 to the Act provides that the LSB has a period of 12 months from the date of your receiving this warning notice to continue considering the proposed rule change. The decision period will therefore expire on 24 April 2020. While the decision period has been extended by 12 months, the LSB would expect to conclude its deliberation before then, subject to proper and full consideration of all the issues.

Yours sincerely



**Neil Buckley**  
**Chief Executive**

cc Lynn Plumbley, CEO, Costs Lawyer Standards Board  
Steve Winfield, Chair, Costs Lawyer Standards Board

Enc.