

Institute of Legal Cashiers and Administrators annual luncheon

Wednesday 23rd September 2009

David Edmonds, Chair of the Legal Services Board

It is a pleasure to have been asked to speak today.

I'm grateful for the chance to update on the work of the Legal Services Board and our next steps in enhancing the regulatory environment for practitioners.

As you know, the LSB was set up by the Legal Services Act as the new oversight regulator for all lawyers in England and Wales.

We work with the Approved Regulators, including the Law Society and the SRA, towards improving the system of regulation, whilst putting the interests of consumers at the heart of delivery of legal services.

Priorities

Our 3 immediate priorities are:

- To give consumers more choice and lawyers new business opportunities by opening up the market and increasing competition to allow new types of legal business to emerge;
- To reassure the public about the rigour and independence of legal regulation by raising all regulatory performance to the level of the best.
- To ensure better consumer redress when things go wrong through the new Office for Legal Complaints - ensuring a fair, effective and rapid resolution for everybody concerned.

Operation

It's an ambitious programme, set out in our business plan.

We're a lean body, with a staff of around 35 and a budget of around £4.5m funded by, but wholly independent of, the profession.

Importantly, the Board operates outside of the Ministry of Justice.

A core belief throughout the passage of the Bill was the importance of the independence of the legal profession from government.

This was felt to be closely tied to the rule of law and protection from intervention.

The Board's agenda is determined by a clear set of statutory objectives that we share with the Approved Regulators.

However, how we achieve those objectives is a matter for us and will be determined alongside partners within the sector, such as the ILCA, but also through learning from good practice outside of it.

Tied up with this independence is the fact that we are funded from within the sector.

Because of this, a constant driver is the need to demonstrate value for money for those we regulate.

Adding the running costs of the Office for Legal Complaints and we are still less than 0.001% of the turnover of the sector.

Whatever the cost however, we operate transparently and that is why I am pleased to report to you that we are both on time and on budget in the delivery of the business plan.

Major progress has already been achieved on key areas, for example in the

separating of representative and representative functions of the Approved Regulators – an issue which is crucial for consumer confidence.

Return on investment

However, today, I would like to use my remarks to sketch out how the sector's *investment* in better regulation can open new commercial opportunities for practices.

The LSB is determined to add value through driving better and more effective regulation across the sector.

This will create a regime that benefits both users and providers of legal services.

Increased public confidence in the regulatory framework will mean more confidence in lawyers and freer engagement with their services.

Better regulation does not just mean new rules – a core element our programme is the removal of unnecessary restrictions in the market.

As you will know, prior to the Act lawyers and non-lawyers were not allowed to enter into partnership in the same organisation.

The effect of this has been that opportunities to create synergies with other professionals have been closed off – for example through legal services being offered alongside accountancy, tax or insurance services.

A key part of our programme is to remove these restrictions.

This is good news for consumers who will be able to access a range of services through a 'one stop professional shop', rather than having to access legal services separately to others.

Conditions in the market will become more geared to the consumer interest.

New entrants will increase choice available and more competition will increase quality.

Perhaps even more importantly, the new rules will spur on innovation as practices build new business models that stretch across a range of services tailored for consumers.

This is not just good news for the consumer; it's good news for practitioners.

For lawyers and their colleagues, the new flexibility will mean more freedom when it comes to shaping their business model.

They will be able to choose *who* they work with and will have much more choice in shaping *how* they engage with the consumer.

This comes at a crucial time. The economic climate means that we are all looking for new sources of capital and new commercial opportunities.

For the legal sector, the flexibility offered by ABS provides a real platform for innovation.

Next steps

So where are we? And what are the next steps in this process?

Let me start by saying that we have now moved beyond policy debate around this issue and are now well into the implementation phase.

The process that we have set out is concentrated around how we shape the rules in practice to make the environment as favourable as possible to innovation.

In doing this, contributions from across the profession will be invaluable and I urge colleagues here today to engage with that process.

The experiences of all professionals working in the legal sector will carry weight in ensuring that the framework for ABS is as effective as possible – building in safeguards where appropriate.

This is why we have created a variety of routes in to the process for colleagues to engage.

Next month we will publish a document setting out the next steps on ABS, alongside two new consultations.

One of these will be on the mechanisms for how bodies become licensing authorities for new ABSs.

The other will be on how to construct licensing rules.

Both will be crucial in determining how ABSs look and feel for practitioners.

Running parallel to this, the LSB will be kicking off a rolling programme of consultation – aimed at both practitioners and professionals in other sectors that want to become part of ABSs.

The first of these ‘ABS Forum’ events will take place in Manchester in November and this will be followed up with similar open forums across the regions.

The aim is to give all parties interested in being a part of the new ABS landscape a chance to inform and shape how it will look in practice.

Conclusion

Most importantly I look forward to further chances like today to come and speak to you and colleagues across the sector in person.

It is an exciting time of change for legal services.

The work that you do in supporting legal practices is key to ensuring that access to justice is a reality for all and that quality and high standards are embedded across the sector.

Better regulation and the new flexibility offered by ABS will provide a range of new business opportunities for you and your colleagues.

I look forward to working together to make sure that the positive impact of these new opportunities for your practices lives up to its full potential.