



Legal Services Board
7th Floor
Victoria House
Southampton Row
London WC1B 4AD

T 020 7271 0050
F 020 7271 0051

www.legalservicesboard.org.uk

Approved Regulator

3 August 2010

Dear Colleague

Regulatory reviews

Our Business Plan for 2010-11 explains the importance of ensuring that the LSB carries out its duty to assist in the maintenance and development of standards in regulation by Approved Regulators. We said that we would do this by undertaking regulatory reviews.

Themed reviews will look at the assessment of performance in specific policy areas and or compliance with associated rules. This year, those reviews will focus on implementation of the rules on internal governance and the approach of Approved Regulators to improving the handling of first-tier complaints by those they regulate.

Approved regulators and the LSB also share a responsibility to ensure that core regulatory functions are discharged robustly and rigorously. In addition, the LSB, the regulatory boards and Approved Regulators need to know that there are appropriate mechanisms in place for early identification and resolution of issues that have the potential to damage the legal services sector and/or cause consumer detriment. This means that we need to be able to demonstrate transparently to the public, profession and other stakeholders how we do this, and by so doing, contribute to meeting the regulatory objectives in a way that is compatible with principles of better regulation, the Regulators' Compliance Code¹, principles of good governance and value for money

Our initial plan had therefore been to develop and implement wider reviews of how Approved Regulators carry out their functions and how they assess whether they are meeting their statutory duties and objectives. However, given that a number of Approved Regulators are undergoing significant structural and/or policy changes and the fact that we are also initiating work with some smaller Approved Regulators to understand more about their regulatory arrangements, capacity and activities, the LSB has concluded that the time is not currently right for major "root and branch" reviews of Approved Regulators.

¹ <http://www.berr.gov.uk/files/file45019.pdf>

Nevertheless, the LSB still needs to understand the way in which Approved Regulators discharge their core statutory duties to better understand where the risks to the regulatory objectives are likely to arise. We therefore would like you to provide the following information about your approach to the collection and use of information and how it is used to inform your regulatory decisions:

1. *What management information is used to inform regulatory decision making (both policy and compliance/enforcement) and assess organisational performance? Please differentiate between data that is regularly collected, that from ad hoc sources and that arising from targeted research.*
2. *Please describe how that data is used and, in particular, identify that which is reviewed at senior executive and/or Board level and that which is put into the public domain.*
3. *If you have regular internal, Board reports, or more widely available performance reports please provide examples – there is no need at this stage for a more detailed explanation.*

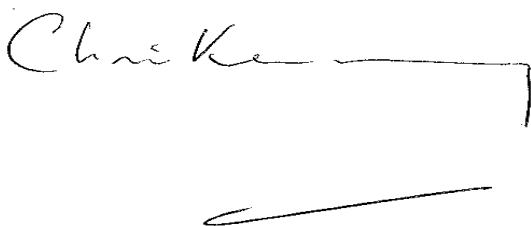
Our expectation is that the LSB should be able to obtain a reliable snapshot of your approach to management of regulatory risk from your response by scrutinising the processes and basis currently used to inform decision making and activity. We are seeking only to obtain sufficient information to provide us with a perspective on the approach of each Approved Regulator whilst keeping any administrative burden low.

You should note that we are only asking for responses to be based on systems that you currently have in place. We do not expect you to develop any new processes as a result of this letter.

Please respond to the questions attached by **10 September 2010**.

If you would like to discuss anything, please call Fran Gillon on 020 7271 0087 or Lucas Ford on 020 7271 0093.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Chris Kenny', followed by a horizontal line that ends in a vertical tick mark.

Chris Kenny
Chief Executive

E chris.kenny@legalservicesboard.org.uk