



## **Citizens Advice response to the Legal Services Board consultation – Strategic Plan 2015 - 18 and Business Plan 2015 - 16**

**Feb 2015**

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## About Citizens Advice

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1. Citizens Advice welcomes the opportunity to respond to this consultation on the Legal Services Board Strategic Plan 2015-2018. The Citizens Advice service provides free, independent, confidential and impartial advice to everyone on their rights and responsibilities. It values diversity, promotes equality and challenges discrimination. The service aims:
  - to provide the advice people need for the problems they face; and
  - to improve the policies and practices that affect people's lives
2. The Citizens Advice service is a network of 318 independent advice centres that provide free, impartial advice from more than 3,000 locations in England and Wales, including GPs' surgeries, hospitals, community centres, county courts and magistrates courts, and mobile services both in rural areas and to serve particular dispersed groups.
3. In 2013/14 the Citizens Advice service
  - helped over **2 million** clients
  - had over **4.8 million** contacts with clients
  - advised on over **5.5 million** problems
  - had over **21.7 million** visits to Adviceguide (our public advice website)

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## Theme A – breaking down the regulatory barriers to competition, growth and innovation.

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4. We pleased to see a clear focus on access to justice issues with a particular emphasis on the needs of vulnerable clients. The recognition of the clear need to ensure client protection is maintained in a rapidly changing legal services market and the importance of a proportionate regulatory response is equally welcome.
5. The legal services market is changing rapidly and new innovative delivery models will need to be developed to meet client needs. For example, people are increasingly looking towards new technology to help them resolve their legal problems.

6. Citizens Advice has seen a significant increase in the number of clients accessing advice online with year on year growth in the number of people visiting Adviceguide our online information system.
7. In the quarter from July – September 2014 there was a 37% increase in page views and a 27% increase in visitors compared to the same period in 2013. With 6.9 million visitors recorded in the same period, the annual visit total is set to show a further significant increase for 2014 – 2015.
8. It is important that the regulatory regime responds effectively to the new market conditions without regulation becoming an unnecessary barrier to expansion in the services clients are offered.
9. It is important that where the LSB seeks to make recommendations for extending regulatory reach clear evidence of detriment is demonstrated. This will minimise the risk that innovation is stifled and customer choice reduced without good cause. The sector of the market which aims to provide services to more vulnerable consumers could be particularly prone to damage from unnecessary extension of regulation.

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## Theme B – enabling need for legal services to be met more effectively.

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10. We are pleased that the Strategic Plan recognises the need to reduce the extent of unmet legal need, highlighting evidence of an ‘access gap’ between identified legal need and the use of legal services. The reduction in access to legal aid was also identified as an issue when addressing unmet legal need.
11. We would wish to support the LSB in drawing attention to the impact of cuts on both individuals and the legal services market as a whole.
12. People’s need to access specialist advice to resolve often complex problems continues to grow. April 2013 did not just mark the date of legal aid cuts coming into effect, but also the beginning of a major overhaul of the welfare state. At precisely the time when people’s need for specialist advice increased, to assist them to understand, adjust to, and in many cases challenge decisions affecting their

income, housing and work status, cuts to the scope of legal aid have drastically reduced the availability of that advice. The CAB service alone lost capacity for 120,000 individual cases per annum following the introduction of new legal aid scope rules.

13. Shortages of affordable homes and changes to housing benefit have also pushed many people into difficult financial positions. Last year Citizens Advice saw a 16% rise in social housing rent arrears and a 26% increase in threats of house repossession for social housing tenants. We have also seen people's need for assistance resolving problems in the private rental market increasing rapidly over recent years due to poor regulation and high rents.
14. Yet despite this need, changes to the scope of legal aid have inevitably meant that the availability of affordable, independent specialist advice has reduced. Citizens Advice Bureaux continue to advise, support and obtain positive outcomes for clients who turn to them with problems in all of the areas highlighted above. But reductions in capacity to provide specialist help have meant that fewer people have been able to access support with complex legal cases.
15. Statistics for the first three quarters of 2013/14 show an 8% drop in the number of clients helped by Citizens Advice Bureaux (approx. 85,500 people) on the same period the previous year and a 15% drop in the number of issues dealt with. Whilst changes to the way data is recorded account for some of the differences, these reductions are in large part due to loss of legal aid contracts meaning fewer people seen and more enquiries finishing at an early stage without proceeding to full casework. The 120,000 legal aid cases referred to above would have previously allowed more clients to access more in-depth advice.
16. Citizens Advice provided evidence to the Justice Select Committee inquiry into the impact of changes to civil legal aid under the Legal Aid, Sentencing and Punishment of Offenders Act 2012. The submission drew on evidence from Citizens Advice's statistical database, from client case histories, and from a survey of bureaux undertaken in March/April 2014 to inform the response.
17. The survey highlighted bureaux reports of clients experiencing long delays to access specialist advice services, or having no access at all to the level of help they need. While some people can make use of self-help tools or online guidance to help them through their problems, many more are struggling in the face of decisions and complex systems or prohibitive costs to access routes of redress. An analysis of the pages relating to help with legal costs on our online support website AdviceGuide provides an indication of demand for support. It shows an increase of 62% in the

number of page visits from April 2013 to March 2014 on the same period the previous year.

18. The section of the legal services market which is seeking to respond to the challenge of meeting client needs in the space vacated by legal aid will be extremely sensitive to any increase in the cost base driven by increased regulation. Client protection is as important in this area as any other but must be achieved in a proportionate way which protects provision. Over regulation would risk a collapse in provision which would have a devastating impact on client ability to resolve legal problems.
19. Any analysis of the impact of the ending of the transitional period for special bodies needs to be considered in the light of the particular pressures such organisations face in maintaining services. Any recommendation to end the period should only be made if there is clear evidence that the regulatory regime could be administered in a proportionate, cost effective manner which would not simply drive special bodies out of the market. Coupled with this, we feel that the decision should carefully consider what if any evidence there is of consumer detriment that further regulation would resolve.
20. Bureaux which employ solicitors would be subject to any changes to the regulatory regime if the transitional period was ended. The reserved activities undertaken in these bureaux typically represent a small proportion of the work of the organisation as a whole. We have serious concerns, based on information provided to us by bureaux that the cost and additional resources required to obtain and maintain an Alternative Business Structure licence, would lead to withdrawal from this work and therefore reduced access to justice for some of the most vulnerable in society.
21. Citizens Advice is keen to be involved in any analysis of the impact of ending transitional period for special bodies.
22. We are pleased that there is an intention to examine consumer choices in legal services. The market is undoubtedly complex with a regulatory regime which mirrors this complexity. Few consumers will have a sophisticated understanding of the structure of regulation or the protections they are afforded or not depending on their choice of provider. We believe that increased understanding of the choices clients make should drive concerted work to improve consumer understanding and drive more informed decision making when they choose a service to meet their needs.

23. Recognition of the importance of codes of conduct in the unregulated sector is also welcome. We believe that current non-LSA regulatory frameworks can, and in many instances do, provide robust protections for consumers. This is based on our experience of operating a comprehensive membership scheme built on clear client protection principles and based on accepted quality standards.

24. All bureaux are required to comply with our membership scheme which covers:

- a. Quality of advice
- b. Organisational standards
- c. Governance
- d. Financial management
- e. Planning and managing resources
- f. Operational management
- g. Training and development
- h. Networking and partnership
- i. Complaints, suggestions and positive feedback
- j. Client centred service
- k. Case management

25. All bureaux are regularly audited against organisational and quality standards, including quality of advice.

26. The proposed accreditation of codes of practice could be an important tool for consumers to make informed decisions and we believe this would be a positive step forward. Accepted codes could drive an improvement in standards, improve complaint handling and provide important protection by requiring appropriate levels of indemnity insurance. The codes could be developed to be proportionate to the service offered and be cost effective to administer, balancing client protection with affordability. A straightforward system of accreditation would be a clear and easily understood indicator to consumers about what they can expect of a provider both in terms of service and protection if things go wrong.

27. Consumer guidance could build on the accreditation process, informing consumers of the benefits of legal regulation and accredited service provision. Increasingly informed consumers choosing accredited providers will provide an incentive to join accreditation schemes, providing a market mechanism to improve standards.

28. Effective quality standards are central to improving the services offered to consumers. Citizens Advice has extensive experience operating an effective quality

scheme and would be happy to work with LSB around proposals to review quality standards more widely.

For further information, please contact:

**Claire Blades – Legal Services Development Specialist**  
**[claire.blades@citizensadvice.org.uk](mailto:claire.blades@citizensadvice.org.uk)**