



Solicitors
Regulation
Authority

Ms Karen Afriyie
Legal Services Board
One Kemble Street
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By email only

19 February 2016

Dear Karen

Re: LSB draft Business Plan 2016/17

I am writing to set out our response to your consultation on the LSB Business Plan 2016/17.

We welcome the continuation of the direction you set out in last year's strategy, in particular the three strategic priorities you have identified for your work.

Breaking down regulatory barriers,

Your proposed work closely reflects our own Corporate Strategy aim to reform regulation so as to enable growth and innovation in the market. We are working to remove or reduce structural regulatory barriers to innovation and market entry. We share your vision of a legal services market which is competitive, innovative and open, and agree that such a market is most likely to deliver the regulatory objectives.

Last year we significantly levelled the playing field for traditional firms by reforming the Separate Business Rule, following the introduction of new rules allowing entry to the market by Multi-disciplinary Practices (MDPs). This year our 'Looking to the future' work is reviewing our handbook and removing detailed prescriptive rules. The review will, amongst other benefits, provide greater freedom for individual solicitors so they can practise in many different types of firms and businesses, as well as helping in house lawyers to offer pro bono services. This part of our package of regulatory reform will cut bureaucracy and deliver proportionate and targeted regulation.

Your theme: Tackling unmet legal need

There is a strong focus in this theme on the operation of the legal services market and ensuring it operates in the interests of consumers. That focus is important, and it will be equally important to continue to recognise the core public interest purpose of legal services regulation in supporting the rule of law and the administration of justice. We therefore welcome the CMA study to the legal services market and the LSB's focus on enabling the need for legal services to be met more effectively.

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We support the LSB's focus on emerging market risks and understanding how vulnerable consumers access legal services. We are working on our Risk Outlook update to help firms manage emerging risks, including cybercrime. We are continuing to develop our understanding of vulnerable consumers and are looking forward to co-operating with the LSB in this research. As part of supporting firms to work with vulnerable consumers, we are planning a joint event with the Legal Services Ombudsman in Autumn. And we are building on the work we led last year to support small businesses to access legal services through information on the joint regulators Legal Choices website.

Your theme: Performance, evaluation and oversight

We are encouraged to see a focus on making the legal regulators independent from their representative bodies. In our opinion a key requirement for the regulation of any profession or market is the public's confidence in that regulator. A regulator cannot command the confidence of the public if it is also the body that represents those that are regulated. The two functions must be, and must be seen to be, separate. From our research, commissioned from an independent provider, we know that the overwhelming majority of the public thinks solicitors should be regulated by a fully independent regulator and feel that they would trust them more if that was the case.

We are encouraged to see the LSB's focus on transparency and holding regulators to account. The recently published review of the PCF approval and requirements is a move in the right direction of reducing costs and increased efficiency. We will be responding to this consultation separately.

And we are particularly pleased that we have been able to improve our own procedures for authorising Alternative Business Structures. We welcome the Treasury proposals to make that more straightforward.

Responses to specific questions

We support the LSB's proposed work plan and research programme. We also support the proposed commission from the Legal Services Consumer Panel, however we would call on any recommendations to be realistic and achievable in the current environment. We are pleased in the LSB drive to reduce its overall cost through efficiency savings. This is the same direction to the one SRA is taking, through our own efficiency challenge, which will reduce the financial burden on solicitors and firms.

Yours sincerely

Jane Malcolm
Executive Director
Solicitors Regulation Authority