

Annual report 2011

June 2011

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1 Introduction

Our challenge

1.1. I am delighted to introduce the Legal Services Consumer Panel's first annual report which outlines our work towards achieving our vision of a market where everyone can access high quality and affordable legal services that meet their needs. We have been given a statutory role to represent the interests of consumers of legal services in England and Wales by providing independent advice to the Legal Services Board. This report covers the period from when we started work on 1 November 2009 to the end of March 2011.

1.2. The Consumer Panel consists of eight part time lay members supported by a full time secretariat of two. Despite our small size, we have risen to the challenge of responding to a vast agenda, and one that has moved at great speed. As this report demonstrates, our advice has been influential in shaping policy in many areas, from complaints to codes of conduct, referral fees to regulatory independence and many more besides. In doing so, our work has touched not just the Legal Services Board, but also the Legal Ombudsman and the approved regulators.

1.3. In setting our first policy advice – assessing the consumer interest on referral fees – the Legal Services Board threw us straight into the deep end. We said that the status quo was unacceptable. However, our central recommendation – that referral fees should be permitted to continue as long as transparency is enhanced – ran counter to the instinctive dislike of them that many people feel. Yet the evidence showed that

referral fees were not having the harmful effects on quality and price that critics suggested, and that these arrangements need not impinge on the independence of advice. This issue justified the importance we have



placed across our work on making policy decisions based on a robust evidence base.

1.4. The case of referral fees also highlighted the value of engaging directly with consumers to hear their views and understand their needs. Consumers told us they were comfortable with lawyers paying introducers for work as long as this was done openly. Consumer views have also shaped the Panel's policies on issues such as publishing the names of lawyers subject to complaints and quality assurance. At the same time, we have encouraged the approved regulators themselves to develop improved consumer engagement.

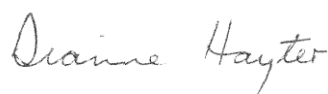
1.5. The legal services reforms are still new, but the Consumer Panel has seized on the need to start early in measuring whether these changes are having a positive impact on consumer outcomes. The Consumer Impact Report – our flagship initiative which assesses progress against our five point vision for legal services – fulfils this need. The report presented a mixed picture with areas of strength and weakness (see box overleaf). As the reforms are a long-term project, this is to be expected.

- 1.6. The key theme running through this first Consumer Impact Report is the imbalance of power between consumers and lawyers. Competition is weak as the vast majority of consumers do not shop around for various reasons. Consumers tend to assume quality is guaranteed, many find it difficult to compare providers and others feel their choice is restricted. There is also a sense that people approach lawyers with trepidation: many admit they have little knowledge about what lawyers do, and lack confidence their consumer rights will be protected or to complain when providers get things wrong. Indeed, when consumers are unhappy with the service they get, one-third do nothing about it.
- 1.7. On the same theme, the report concluded that some parts of the population have less power than others. When thinking about purchasing legal services consumers in lower socio-economic groups have less trust in lawyers, are less confident their rights will be protected and struggle more to make comparisons. Those that become users are more likely to feel they got poor value for money and are less satisfied with the outcome of legal work and customer service. Despite being more dissatisfied, they are also less likely to complain. BME consumers are also less satisfied with the service they receive and are far more likely to distrust lawyers.
- 1.8. In October 2010, the Government made the surprise announcement that it was minded to merge the Panel with Citizens Advice, subject to an examination of the practicalities and details of such a move. The Department for Business, Innovation and Skills is shortly to consult on the future consumer landscape, although officials have confirmed the Panel is no longer part of their plans. The removal of the Legal Services Board from the scope of the Public Bodies Bill means that new primary legislation would have been required to effect this change even if it was desirable –

which we question. Citizens Advice does sterling campaigning work for consumers across the economy; however, as we and others have pointed out, it would be a very odd step indeed to give this body statutory responsibility to represent the interests of consumers on legal services regulation when it is one of the country's largest providers of legal services, and from April 2013, will become subject to oversight regulation by the Legal Services Board. Furthermore, any such move would have removed one of our greatest strengths – of being able to follow Legal Services Board policy closely as it unfolds and, step by step, seek to mould it ever more in the interests of consumers.

- 1.9. The Panel's focus is on growing from strength to strength. The reform agenda continues apace and the need for effective consumer representation remains of vital importance. In 2011-12, our work will address some critical issues – the future education and training of lawyers, the regulation of will writing and standards for accreditation schemes – to name just three.

Our work this year would not have been possible without the astonishing and professional hard work of our two full time staff members. Again and again they offer the Panel both the research and the insights which enable us to formulate our policy and advice. They, in turn, are helped by the generosity of LSB staff in sharing their expertise and knowledge with the Panel, enabling us to make the most of the proximity of our work spaces. At a personal level, I owe a great debt to David Edmonds and his Board for their support and encouragement, as well as to the Legal Ombudsman and the approved regulators for their willingness to engage with us.



Dr Dianne Hayter, Chair

CONSUMER IMPACT REPORT

Findings in summary

Strengths

- High overall satisfaction with outcome of legal work
- High satisfaction with most aspects of customer service
- More flexible, consumer-friendly rulebooks
- Major reviews started on scope of regulation and education and training
- Disciplinary procedures meeting timeliness targets
- A more diverse workforce on entry and generally a high momentum on diversity
- Internal Governance Rules lay foundation for independent regulation
- Good investment in research by Legal Services Board
- Generally good levels of transparency, but with exceptions
- All consultations lasting 12 weeks unless reasons given otherwise

Weaknesses

- A lack of consumer power – low shopping around, little information about quality of providers, lack of confidence to complain – is not driving competition
- Old customer care problems persist – delay, communication breakdown and costs
- Technical quality of legal work is unknown by regulators
- Quality Assurance for Advocates initiative undermined by weaknesses in proposals
- Low levels of trust
- High volumes of allegations about misconduct and claims on Compensation Fund
- Low numbers of women and BME at senior levels of workforce
- Wide gaps in confidence and quality of experience between socio-economic groups
- Codes of conduct lack specific duties related to consumers in vulnerable circumstances
- Cautious policy decisions by Legal Ombudsman – not publishing decisions, exclusion of third party complaints, low case fee income
- Weakness in intelligence flows failing to extract learning from complaints
- Lay majority rule implemented on only one regulatory board
- Little consumer engagement
- Slow and sometimes non-existent consultation feedback

2 Themes

Making an impact

- 2.1. In the first 18 months of our life, the Consumer Panel has made a positive impact for consumers by influencing key decision-makers on a range of issues. Below we describe five areas where our advice has made a difference:**
- **The changing regulatory landscape;**
 - **Complaints;**
 - **Quality assurance;**
 - **Referral fees; and**
 - **Consumer-focused regulation**
- 2.2.** The Panel's aim is to provide constructive, expert and evidence-based advice on the consumer interest. This is often focused on giving early input to the Legal Services Board before its thinking reaches the public domain, but we also provide advice to the Legal Ombudsman and comment on the work of the approved regulators. In doing this, we represent all users (organisations as well as individuals) of legal services but generally prioritise those who are less able to give voice to their own interests.
- 2.3.** Our advice needs to be sensitive to any differences in the experiences and needs of consumers in Wales compared to those in England. We set ourselves two objectives:
- To ensure our remit and priorities are clearly understood across Wales; and
 - To ensure we understand and can take account of issues specifically facing consumers in Wales
- 2.4.** Last year we held a series of meetings with stakeholders in Wales to spread awareness of our role and to learn how we can best meet our objectives. We also ensured that the consumer research we commissioned included a robust Welsh sample, for example the annual tracker omnibus survey included a booster sample.

The changing regulatory landscape

From rules to outcomes

- 2.5.** The Consumer Panel's main focus in advising on the introduction of Alternative Business Structures (ABS) has been to put in place a framework that gives providers the freedom to design services that meet consumer needs whilst ensuring a high level of consumer protection.
- 2.6.** The Panel welcomed the shift by some approved regulators from prescriptive rules-based regulatory regimes to more outcomes-focused systems. We said this would help to prevent loopholes and place the onus on providers to behave in ways which support consumer outcomes. However, we highlighted that codes of conduct based on outcomes create new challenges for enforcement, and it was essential that unprecedented freedoms for solicitors are balanced with tough action against those who abuse these freedoms.

Influencing licensing regimes

- 2.7. The Panel made detailed comments on the design of the regulatory framework put in place both by the Legal Services Board and by individual licensing regimes. We have responded to all significant consultations on the development of these new systems, including as a mandatory consultee on licensing authority applications and bids by approved regulators to extend the scope of regulation to additional reserved activities.
- 2.8. From the outset, we argued strongly against more risk being shifted to consumers. It is essential they have no less protection when using ABS compared with traditional law firms. Another theme was for codes of practice to demand high standards of providers by setting high-level outcomes balanced with some detailed rules to stop practices that could cause harm. We also emphasised the need for a simple set of rules, written in plain language, that consumers could easily understand.
- 2.9. Although the Panel has remaining concerns about the new arrangements, we were pleased when the approved regulators adopted some of our key recommendations. For example, the Solicitors Regulation Authority added a new '*treating customers fairly*' outcome to its code of practice and the Council for Licensed Conveyancers has developed a client charter.
- 2.10. As a member of the Multi-Disciplinary Practices (MDP) working group, the Panel emphasised the danger of holes in consumer protection appearing due to multiple regulatory regimes within and outside the legal sector. The Panel was pleased that the final Memorandum of Understanding made it clear that regulators would seek to ensure that consumers and others do not suffer as a result of a failure to co-operate or co-ordinate.

Making a start on will writing

- 2.11. The few activities reserved to the profession – such as conveyancing and probate – are the result of historical accident, rather than a proper policy rationale. The Legal Services Board has begun to develop a set of criteria for making decisions about the scope of regulation. However, it asked the Consumer Panel to provide advice on the specific case of will writing services, in response to concerns about consumer detriment and the decision to regulate them in Scotland.
- 2.12. The Legal Services Board asked us to provide evidence on all of the different problems, both current and potential, experienced by consumers wishing to write a will. They want to know how widespread each problem is, or could be, why it happens and what the impacts are on the testator and their executors and beneficiaries. The advice will also consider whether existing consumer protections are capable of addressing any consumer harm or whether new solutions are needed, including what the advantages and disadvantages of various ways of regulating will writing may be for consumers.
- 2.13. The Panel has collected the bulk of the evidence needed to decide what measures would best help consumers. We were particularly grateful to receive nearly 400 case studies from members of the public, lawyers and representative bodies. Further evidence will come from shadow shopping commissioned by the Legal Services Board in partnership with the Office of Fair Trading, the Solicitors Regulation Authority and the Panel. The Panel expects to provide its advice to the Legal Services Board in the summer.

Complaints

The Legal Ombudsman

- 2.14. Along with others, the Consumer Panel has contributed to the creation of the Legal Ombudsman, which started receiving complaints on 6 October 2010. Our activities included inputting to the design of its complaint-handling procedures and public-facing communications, delivering staff training and working with the Legal Services Board to agree Key Performance Indicators.
- 2.15. We were disappointed that the Board of the Legal Ombudsman rejected our call to accept ‘third party complaints’. This means that people are ineligible to complain if they do not have a contract with the lawyer concerned. Some serious cases could be excluded, for example legal work on a remortgage when the client is technically the bank, or a law firm unfairly intimidating someone by sending threatening letters on behalf of a corporate client.
- 2.16. The Panel also considered the Board was too cautious in deciding to obtain just 10% of its income through case fees, which gives a weak incentive for firms to resolve complaints in-house, although it has agreed to review this before the end of 2012.
- 2.17. A key concern has been to ensure a smooth transition from the previous complaints-handling arrangements to the Legal Ombudsman. We were pleased the Legal Complaints Service maintained service levels during its closure. By contrast, there was a mounting backlog of complaints at the Office of the Legal Services Ombudsman, with about 600 cases – some of which have been ‘in the system’ for a long time – remaining unresolved when the Office closed in March. We liaised closely with civil servants at the Ministry of Justice to find practical solutions to clear the backlog.

First-tier complaints handling

- 2.18. In advising the Legal Services Board on the development of its policy approach, we emphasised the importance of creating a specific requirement for providers to alert consumers at the outset of their right to complain to the Legal Ombudsman. The need for such a rule was vividly illustrated by research the Panel commissioned jointly with the Legal Ombudsman. This revealed that consumers are reluctant to complain due to a fear that lawyers will outsmart them, with the profession closing ranks to protect its own. Moreover, our annual tracker survey found that one third of consumers who are unhappy with the service provided by their lawyer do nothing about it.
- 2.19. The Consumer Panel therefore welcomed the Legal Services Board’s introduction of a First-Tier Complaints Handling rule though we registered our concern about its review finding that approved regulators generally have poor data collection processes. It is difficult to see how regulators can really know what problems consumers are experiencing, and take steps to tackle them, without such information.



They [solicitors] stick together. The one is going to back the other to the hilt all the way, it’s like a big clique... They know the laws better than you so they’re always going to come up and bite you on the bum.” (Participant in consumer complaints research)

Publishing case outcomes

- 2.20. One of the year's key policy controversies was about when the Legal Ombudsman should exercise its powers to name lawyers or firms subject to complaints about poor service. The Panel made a substantial submission to the Ombudsman, stressing that the scheme must be informed by consumer needs. To this end, in partnership with the Legal Ombudsman, we commissioned qualitative research with consumers (see case study).
- 2.21. Our response highlighted the clear trend towards greater transparency in public and private institutions, and included examples of where complaints data is published. The Panel pointed to the difficulties consumers face in making informed choices given the technical nature of legal services. We also emphasised the opportunity to harness consumer power, by making use of the commercial importance a good reputation to give a powerful incentive for lawyers to maintain standards and respond appropriately to complaints.
- 2.22. Based on consumer feedback, the Panel recommended a scheme in which the names of firms are published once there are three cases in a twelve month period where a remedy is awarded. This would be a fair scheme able to command the confidence of lawyers and the public alike.
- 2.23. Unfortunately, we were unable to persuade the Legal Ombudsman's Board to name such firms. Our press reaction said this decision was excessively cautious and consumer unfriendly and flew in the face both of government policy to empower citizens by opening up data on provider performance and of consumer preference for such information. The Board will return to the issue in early 2012 once it has tracked complaint trends – we will redouble our efforts to achieve a change in policy.

Quality assurance

Consumer perspectives on quality

- 2.24. The Legal Services Board asked for the Panel's advice on consumer perspectives on quality in legal services. Quality is central to the need for regulation. Consumers use lawyers at critical times and the advice given can have major financial and personal consequences. Our report, published in November, was informed by consumer research, meetings with professional bodies, regulators and membership organisations, and by a review of the literature and consumer surveys.
- 2.25. The research showed that consumers take the technical quality of work for granted and have false assumptions about how such services are regulated. They expect all legal advice to be regulated and think lawyers should be subject to 'regular MOTs' to ensure they remain up to the job. Our report called on regulators to shift away from reacting when things go wrong to actively ensuring that professionals remain competent throughout their careers. In particular, CPD requirements need to be strengthened so they are linked to practice areas and development needs. We also called for a debate on more far-reaching options, including licensing by activity and periodic reaccreditation.
- 2.26. The Legal Services Board accepted all our recommendations, which identified five key areas for further work:
- Enhancing transparency around the quality of work
 - Ensuring quality assurance mechanisms are credible
 - Simplifying the regulatory landscape
 - Developing better mechanisms for checking that lawyers remain competent
 - Making specialisation meaningful.

Case study: Publishing complaints research

Acute Insight Market Research conducted 12 mini-group discussions with 58 consumers. There were ten groups with a broad-based general public sample of recent and intending users of solicitors, and two groups of people who identified themselves as very dissatisfied with solicitors.

Word of mouth recommendation was a very important factor when selecting a solicitor. To a large extent, solicitors are held in a degree of respect, bordering on awe, which is awarded to few professionals other than perhaps doctors. Because the legal world and the language it uses is foreign territory to most consumers, they feel they have to trust their lawyer to do the right thing for them. Thus, when the solicitor-client relationship breaks down for whatever reason there is a sense of having been let down. However, there were signs of a strong degree of reluctance to complain. This partly reflected consumers' fear that the solicitor will always be able to outsmart them and partly their feeling that solicitors are "a law unto themselves" and one solicitor will always back up another. Even amongst those very dissatisfied with their solicitor, only a few had taken their grievance beyond grumbling and complaining to their solicitor or the senior partner in the firm.

There was very limited awareness of the Legal Ombudsman, but the idea of such a body was welcomed. It was hoped that the organisation would be approachable, preferably by phone, and would not involve lengthy form filling. Given the low levels of awareness, it was often suggested that it should be signposted on communications from solicitors.

There was little expectation that the Legal Ombudsman would publish as consumers were unaware of similar organisations doing so. However, most considered that lawyers who had been subject to complaints which had been upheld by the Legal Ombudsman should be named. Possible advantages included: encouraging firms to improve their service provision; enhancing solicitor accountability; and identifying firms providing less satisfactory service and assistance in identifying "good" solicitors.

To ensure a fair system, consumers felt that consideration might be given to:

- Listing solicitors only when it had been established that they had been at fault in a certain number of cases in a finite period (e.g. three cases in twelve months). This approach would avoid penalising the occasional lapse and it would also be relatively less onerous on small firms;
- Updating the list on a regular, possibly quarterly, basis so that a law firm's past failings are 'spent' after a defined period; and
- Not listing firms where the Legal Ombudsman found after investigation that the solicitor had done nothing wrong.

2.27. A joint fundamental review of education and training by the three largest approved regulators will provide the ideal opportunity to take this agenda forward. The Panel was encouraged that the terms of reference for the review include consideration of both initial and ongoing education and training.

Quality Assurance Scheme for Advocates

2.28. Most consumers are poorly placed to judge the quality of advocacy because the work is specialised and they only rarely use an advocate. Therefore, the Panel strongly supported the development of a mandatory quality assurance scheme for advocates in criminal work.

2.29. However, we repeatedly voiced serious concerns about the proposed scheme. A key shortcoming is the absence of solicitor and lay client input into assessments of the advocate's performance; therefore, consumer satisfaction with the service is not considered. We also said the scheme was too generous to advocates because they could choose on which cases they will be assessed and by whom.

Referral fees

The controversy

2.30. The Legal Services Board's first formal request for advice was on an issue that has divided the profession for years. Large parts of the sector consider referral fees to be inherently unethical, raising conflict of interest and quality risks. Others maintain that introducers perform a valuable access to justice role and that referrals do not harm consumers. However, until this point the consumer voice had been notably absent.

2.31. The Panel took a fresh and evidence-based look at referral arrangements, focusing on the consumer interest. We explored the impact of referral arrangements on three areas: lawyer independence, access to justice and competition. Our evidence

included: the commissioning of new consumer research; a call for evidence with over 71 responses; an economic analysis commissioned by the Legal Services Board; a stakeholder roundtable; meetings with individuals and organisations; and a review of previous literature and surveys.

Reveal, Regulate, Retain

2.32. The Panel's report said the status quo was unacceptable and called for action to tackle concerns which cause, or have the potential to cause, harm to consumers. These concerns included a lack of transparency, pressure selling by some introducers and competition concerns. Nevertheless, we recommended that referral arrangements continue to be permitted, as in both the conveyancing and personal injury markets the worst of the alleged problems were not substantiated by the evidence. Moreover, the marketing and hand-holding role performed by claims management companies and not-for-profit bodies had widened access to justice.

2.33. Consumers told us they were surprised, and even shocked, that lawyers pay referral fees, but were willing to tolerate the practice if it was open and transparent. Yet although current regulatory requirements should deliver transparency, there are high levels of non-compliance. Improving transparency and enforcement, therefore, was the main recommendation.



I was going to say I was uncomfortable (with referral fees) but it changes the dynamics of it if you're told, because that just makes all the difference in the world doesn't it?" (Participant in consumer complaints research)

Case study: Consumer views on quality in legal services

Vanilla Research conducted ten group discussions across England and Wales with people who had personal experience of legal services.

Consumers felt largely unable to judge quality, because: using a solicitor is a relatively rare event; they feel the legal world is above their heads; the value of legal services is often in the long-term rather than short-term; there is minimal public or regulatory information; and consumers are relatively inactive in comparing different firms' offers.

When asked to define good quality, participants identified six characteristics of 'good quality' service (which varied little across demographic characteristics or experience):

- Empathy – treating the consumers as individuals, not just another file, understanding their situation and relating to it
- Efficient processes – ensuring things progress smoothly and on time
- Achieving outcomes – completing a property conveyance on time, delivering a will or achieving the desired outcome in a divorce
- Clarity and de-mystification – unravelling the legal world with clear explanations (no jargon), signposting of what should happen and when, and guidance on charges
- Proactive use of legal knowledge – explicitly suggesting alternative options, tailoring advice to individual circumstances or challenging a client's assumptions
- Professional presentation – both personally in terms of dress and appearance, but also the physical office environment

Consumers generally assumed that all lawyers have an acceptable level of legal knowledge, and have passed sufficient qualifications. There is a common belief that the law is relatively black and white and that, since all lawyers work from the same legal framework, the quality of advice will not vary significantly across firms.

At the other end of the quality scale, whilst a number of consumers looked for specialist solicitors, the definition of specialist was frequently ascertained simply by asking solicitors, looking at firms' marketing materials, or going on the basis of a friend, relative or colleague's experience. As a result, it was apparent that specialism was often defined more by whether firms *offered* a service than whether they truly specialised in it.

Awareness of a legal services regulator was minimal – though most did 'assume' there was someone. What they wanted was reassurance that their assumption (that all solicitors are technically competent) is correct. Quality assurance mechanisms that aimed to do this, such as regular competence checks (or MOTs), compulsory Continuous Professional Development, publication of regulatory information such as complaints data, were all felt to have merit in ensuring quality standards.

2.34. The Legal Services Board endorsed our ‘reveal, regulate and retain’ approach and proposed more transparency to consumers through disclosure of referral fees and the amounts paid, transparency to the market through collection and publication of agreements by regulators and an active compliance and enforcement regime.

Consumer-focused regulation

Regulatory independence

The Legal Services Act required the approved regulators to separate their regulation and representation functions, but left the Legal Services Board to decide what this should mean in practice. A key concern for consumers is ensuring that regulation is conducted independently of the profession, giving confidence that decisions will be made in the public interest. Indeed, this is the foundation on which future regulatory decisions are taken so it is vital to get the right framework. Given this, the Consumer Panel has taken a close interest in the development of Internal Governance Rules.

2.35. In advising the Legal Services Board, we pressed for requiring regulatory boards to contain lay majorities. We argued this was essential to bolster public confidence and to cement the intention of the reforms to put consumers at the heart of regulation. But we also stressed this was more than a symbolic gesture – the composition of boards shapes the culture of organisations, with lay members bringing expertise and fresh perspectives. Therefore, we were delighted when the Legal Services Board decided that regulatory boards must have a lay majority.

2.36. However, the way some approved regulators have delayed implementing this rule has been an unedifying spectacle. The Panel strongly urged the Board to resist proposals to wait until the existing terms of members expire before complying, which would have been 2013 in the Law Society’s

case – six years after the Act was passed. Moreover, only after the Bar Standards Board agreed an accelerated process for appointing lay members did the Legal Services Board determine not to pursue formal enforcement action. After prolonged discussions, the Legal Services Board and the approved regulators negotiated a faster timetable, although this is still far slower than the Panel would wish.

Consumer engagement

2.37. From the beginning, the Consumer Panel has stressed the need for the approved regulators to have mechanisms to build understanding of consumer needs and experience both through direct dialogue with the public and by seeking the views of consumer representatives. This is important because effective consumer engagement improves the quality of decision-making by learning from the ideas and insight that consumers contribute and enabling a proper balance between consumer and producer interests. Engaging consumers also allows regulatory bodies to spot emerging issues that might require a regulatory response and to target resources around consumer priorities.

2.38. We expressed concern about the lack of investment by approved regulators in this area. In July 2010, the Panel held a workshop with the approved regulators, attended by guest speakers from Consumer Focus and the Council for Healthcare Regulatory Excellence (CHRE). Following the workshop, we were pleased when the Bar Standards Board and the Solicitors Regulation Authority agreed to work with other approved regulators to establish an online public network based on the model used by the CHRE. It is too early to assess their plans, and we are keen that the network is not their only engagement tool, but the initiative is a positive step in the right direction.

Priorities in 2011-12

A year of milestones

2.39. The Consumer Panel has set out its priorities for 2011-12 in detail in a separate Work Programme document, which is available on our website. These initiatives are listed opposite.

2.40. The work programme was endorsed by the Legal Services Board in March. Our plans were informed by a range of sources, including an analysis of business plans and intelligence on the consumer experience including research, complaints and news reports. In addition, in November 2010 we held a workshop with stakeholders to learn about their emerging priorities and to gather ideas about areas on which we might work.

Work programme highlights in 2011-12

- Publish the first Consumer Impact Report to measure outcomes achieved by the reforms
- Complete our major market investigation into will writing
- Conduct focused studies with small charities and with consumers at risk of disadvantage on their needs and experience of legal services
- Provide advice on the regulation of not-for-profit providers
- Develop criteria for, and assess, quality accreditation schemes
- Draw up good practice standards for price comparison websites
- Input to major regulatory reviews
- Monitor the impact of ABS
- Work with the Legal Ombudsman to review its jurisdiction
- Keep a watching brief on regulatory independence
- Maintain momentum on enhancing approved regulators' consumer engagement activities

3 Transparency

Committed to transparency

- 3.1. The Legal Services Consumer Panel demands transparency of others and is keen to lead by example in order to allow consumers of legal services to see how we have represented their interests. Below we report on measures relating to our operations and effectiveness. Details of the Panel's policy work can be accessed on our website.**

Expenditure

- 3.2.** The Consumer Panel is supported by a small policy secretariat and is funded by the Legal Services Board as part of its annual levy on the approved regulators. Our budgeted costs for the year ending 31 March 2011 were £204,000. Actual expenditure for this period was £185,000 (see Table 1 overleaf for a breakdown).
- 3.3.** Details of members' expenses are available on the Panel's website.

Attendance

- 3.4.** The Consumer Panel holds six formal meetings each year. The attendance of each Panel Member was as follows:

Dr Dianne Hayter (Chair) – 8/8

Elisabeth Davies – 8/8

Emma Harrison – 7/8

Graham Corbett – 7/8

Jeff Bell – 8/8

Karin Woodley – 6/8

Neil Wightman – 8/8

Paul Munden – 7/8

- 3.5.** In addition, the Panel was represented on these committees and working groups:

Conveyancing Forum

Legal Services Board – ABS Implementation Group

Legal Services Board – Research Strategy Group

Ministry of Justice – Transition and OLSO Closure Project Board (and sub-groups)

Multi-Disciplinary Practices Working Group and sub-groups (facilitated by the Solicitors Regulation Authority)

Solicitors Regulation Authority – ABS/OFR Reference Group

Solicitors Regulation Authority – Financial Protection Arrangements Reference Group

Activities

- 3.6.** A list of the Panel's activities can be found at the back of this document. This can be summarised as follows:

- Policy reports – 2
- Consumer research reports - 3
- Consultation responses - 24
- Speeches/events - 11
- News releases - 12
- Stakeholders met by members – 43

Table 1 – Breakdown of Panel expenditure in 2010-11

Category	Expenditure (£)
Panel Fees and Secretariat	164,259
Research	13,500
Travel	3,049
Training	2,738
Printing and Publications	195
Refreshments for meeting	180
IT/Software	61

Terms of reference

Purpose

1. The Legal Services Consumer Panel ('the Panel') is established by the Legal Services Act 2007. The Panel contributes towards the achievement of the regulatory objectives by representing the interests of consumers of legal services. The Panel acts independently of the Legal Services Board ('the LSB') and the Office for Legal Complaints ('the OLC').
2. The Panel is deliberately comprised of members who are able to provide evidence of the experience of the wide range of consumers of legal services. The Panel will prioritise its work around those consumers who it considers are less able to give voice to their own interests. The Panel will have particular regard to the interests of consumers who may be in a position of vulnerability when using legal services.
3. The principal focus of the Panel will be on activities falling within the jurisdiction of the LSB and the OLC. However, the Panel will also have a remit on legal services matters that do not fall within the remit of the LSB or the OLC.
4. The Panel has an advisory role and does not have decision-making responsibilities. The key activities of the Panel are (in no order of importance):
 - (a) To help the LSB and the OLC to understand fully, and take account of, the interests of consumers in its policy development and decisions;
 - (b) To respond to relevant consultations as appropriate;
 - (c) To carry out research, as agreed with the LSB, and gather other intelligence and evidence to understand the consumer experience of the legal services market;
 - (d) To provide the LSB and the OLC with feedback from a consumer perspective on the effectiveness of its policies and practices;
 - (e) To help the approved regulators develop their own approach to consumer engagement to inform their work;
 - (f) To speak out publicly on behalf of consumers as appropriate in order to positively influence outcomes for consumers of legal services; and
 - (g) To maintain an overview of developments in the legal services market, and related developments affecting consumers in other markets, in order to best deliver the other activities listed above.

Procedure

5. Panel members are appointed by the LSB, with the approval of the Lord Chancellor, in accordance with Nolan principles, to represent the interests of consumers.
6. The Panel shall determine its ways of working, and may appoint sub-committees and make other arrangements for regulating its procedure. Sub-committees may include persons drawn from outside of the Panel, but all sub-committees shall include at least one member of the Panel.
7. The Panel and the LSB shall agree an annual programme of work for the Panel. The Panel may carry out such additional work, as agreed with the LSB, in response

to developments in the legal services market.

8. The Panel shall ordinarily publish its representations, advice and research. However, it may choose not to publish its representations, advice and research if it considers that to do so would be likely to impact adversely on the interests of consumers.
9. The Panel shall publish the agenda and minutes of its meetings.
10. The Panel shall publish an Annual Report on its work.
11. The Panel and LSB shall review the Panel's terms of reference annually.

Biographies

Consumer Panel Members

Dianne Hayter (Chair)

Dianne was Chair of the Property Standards Board, the BSB Consumer Panel and of the Actuarial User Committee of the Financial Reporting Council. She was also a member of the Board for Actuarial Standards, the Insolvency Practices Council, and the Determinations Panel of the Pensions Regulator, the Financial Services Consumer Panel, and the National Consumer Council.

Prior to that she was the Chief Executive of a number of organisations, including Alcohol Concern, the European Parliamentary Labour Party and the Pelican Cancer Centre, as well as Director of Corporate Affairs at the Wellcome Trust. She was Chair of the Labour Party's National Executive Committee, is a trustee of a number of charities and was a JP for over a decade. She is now a Member of the House of Lords.

Jeff Bell

Jeff is a Trading Standards Consultant based in Stockton-on-Tees. Formerly, he was Chief Trading Standards Officer at Redcar and Cleveland Unitary Council, and worked as a Trading Standards Officer at local authorities in Cleveland, Northumberland, Tyne & Wear, and Durham. In these roles he brought three major projects to the North East: Consumer Direct; the Scambuster Team and the Illegal Moneylending Team, managing the latter two through their inception, recruitment and

foundation period. He was also Chair of the North East Trading Standards Association and a Member of the North East Electricity Consumers' Committee.

Graham Corbett

Graham Graham is a member of the Employment Tribunal Panel and was working as a Senior National Officer at the Public and Commercial Services Union (PCS) before taking voluntary redundancy at the end of 2009. Formerly he was Deputy Head of Legal Services at the PCS and a civil servant at the Department of Environment and Transport. He previously chaired the Departmental Trade Union Side for negotiations and was a senior lay representative at the Civil and Public Services Association.

Elisabeth Davies

Elisabeth is Director of Partner Relations at Age UK, where she works closely with over 100 local Age UKs across England and supports the work of Age Cymru, Age Northern Ireland and Age Scotland. She is also a Trustee of the Immigration Advisory Service, the former Chair of Wandsworth Citizens Advice Bureaux, and was previously Deputy Chair of Wandsworth Primary Care Trust. Her career includes a series of senior roles in the health arena including at the NHS National Patient Safety Agency, where she led on patient safety in Wales and worked closely with the Welsh Assembly Government. She is the former Chief Executive of the UK Breast

Cancer Coalition and was also previously Director of Policy at the Refugee Council.

Emma Harrison

Emma is Director of External Affairs at the Royal National Institute for the Deaf. She brings experience of working in the consumer movement as former Principal Public Affairs Officer at Which? and Campaign Manager at Consumers International. She was also previously a Research Manager and Political Advisor at the European Parliament.

Paul Munden

Paul is an experienced general counsel and chartered director. Over the last ten years he has held a number of senior board posts at the Business Link operation in London. He is an accredited tutor with the Institute of Directors leading a number of their board development courses designed to provide an in-depth view of the key duties, roles and legal responsibilities of directors and corporate governance. He has also served as non executive chairman of a Bafta award winning educational software house and a founder non executive director of Customer First UK, which is responsible for the national Customer First quality accreditation framework. He is currently on the board of NHS Mid Essex and the National Youth Music Theatre.

Neil Wightman

Neil is Deputy Head of Housing Needs at the London Borough of Camden and is Joint Chair of the Association of Housing Advice Services. He was a member of the Beacon Advisory Panel between 2003 and 2009 and a Trustee Director of Kilburn Youth Service for 10 years. He has worked in local government for 20 years and before that worked as an advice worker at Sheffield and Clapham Citizens Advice Bureaux.

Karin Woodley

Karin is the Chief Executive of ContinYou having ended her role as Chief Executive of the Stephen Lawrence Charitable Trust in 2009. Formerly, she was Director of the Tabernacle Trust; Deputy Director of the Arkwright Arts Trust; Partner, Keya Associates; and Chief Executive of Minorities Arts Advisory Service. She was also previously Chair of Kensington and Chelsea Metropolitan Police Independent Advisory Group on Race, and Adviser to the Scotland Yard Gold Task Group for the Notting Hill Carnival Policing Strategy.

Secretariat

Steve Brooker

Steve was formerly Head of Fair Markets at Consumer Focus where he managed a policy and public affairs team working on a wide range of issues including financial services, the digital economy, consumer law and sustainable consumption. Prior to that, he led the National Consumer Council's policy work on regulation and civil justice. His previous career was in university administration with roles at Keele and the London School of Economics.

Alanna Linn

Alanna was formerly a Policy Analyst at the Royal College of Midwives. Prior to this, she worked on regulatory policy for government departments in New South Wales, Australia - at the Department of Water and Energy, and Department of Premier and Cabinet. Before this, she was a Project Officer at the Australian Mekong Resources Centre based at the University of Sydney.

Activities list

Policy Reports/Formal advice to LSB

11 November 2010 – Quality in legal services

26 May 2010 – Referral arrangements

Consumer Research Reports

24 February 2011 - Consumers perceptions of publishing names of lawyers subject to complaints

11 November 2010 – Quality in legal services consumer research

26 May 2010 – Referral arrangements consumer research

Consultation responses

21 March 2011 - Council for Licensed Conveyancers' application to the LSB to become an Approved Regulator to award rights of audience and rights to conduct litigation to licensed conveyancers

7 March 2011 - Council for Licensed Conveyancers' application to the LSB to become a Licensing Authority

1 March 2011 - Solicitors Regulation Authority's consultation on reforms to client financial protection arrangements

18 January 2011 - Solicitors Regulation Authority's further consultation on its new handbook

22 December 2010 - Bar Standards Board consultation on whether to regulate entities

21 December 2010 - Legal Ombudsman's first stage consultation on publishing their decisions

7 December 2010 – ILEX's applications to the LSB to become an Approved Regulator to award rights of litigation and audience and rights of probate

12 November 2010 – JAG consultation on Quality Assurance for Advocates

25 October 2010 - Council of Licensed Conveyancers consultation on its new Code of Conduct

27 September - ILEX's application to become an Approved Regulator to award rights of audience and rights to conduct litigation to Associate Prosecutor members of ILEX

30 July 2010 - Solicitors Regulation Authority consultation on its new handbook

23 July 2010 - Solicitors Regulation Authority application to the Legal Services Board on changes to its Professional Indemnity Insurance arrangements

23 July 2010 - Solicitors Regulation Authority consultation on transforming the SRA's regulation of legal services

20 May 2010 - Bar Standards Board consultation on the development of authorisation to practise arrangements

26 March 2010 - Council of Licensed Conveyancers consultation on a proposed application to regulate the exercise of rights of audience and the conduct of litigation

17 March 2010 - Solicitors Regulation Authority, Bar Standards Board and ILEX Professional Standards consultation on quality assurance for advocates

26 February - Solicitors Regulation Authority consultation on proposals for an outcome-based approach to regulation

26 February 2010 - Legal Services Board letter to approved regulators on a draft rule related to first-tier complaint handling

17 February 2010 - Legal Services Board consultation on approaches to licensing Alternative Business Structures

8 February 2010 - Solicitors Regulation Authority consultation on the proposed closure of the Assigned Risk Pool as a provider of professional indemnity insurance

15 January 2010 – Response to Office for Legal Complaints letter about its proposed arrangements for the transition period in the lead up to the Legal Ombudsman starting work

2 December 2009 - Office for Legal Complaints about the scheme rules that the Legal Ombudsman will use when handling complaints

13 November 2009 - Office for Legal Complaints about the use of case fees to fund the operation of the Legal Ombudsman

30 October 2009 - Legal Services Board consultation on Internal Governance Rules

26 October 2009 - Legal Services Board consultation on a Draft Compliance and Enforcement Statement

Panel Events and Speeches

23 March 2011 – Institute of Professional Will writers Annual General Meeting

3 February 2011 - Law Society Bridging the Gap Conference

1 December 2010 – Legal Ombudsman consultation event on publishing cases

6 November 2010 – Bar Council Annual Conference

3 November 2010 - Work programme and CWI stakeholder workshop

19 October 2010 – University of the West of England European Law Students' Association

16 July 2010 – Roundtable on Consumer Engagement

26 May 2010 - Conveyancing Forum at the Law Society

11 March 2010 – ILEX National Conference
1 March 2010 – Launch of Ministry of Justice baseline research
18 January 2010 - Referral arrangements stakeholder workshop

News releases

31 March 2011 – Panel’s reaction to Legal Ombudsman publishing complaints announcement
1 March 2011 - Panel comments on the LSB's First-tier complaints- handling report
24 February 2011 - Public backs publishing complaints decisions
21 December 2010 - Consumer Panel urges Legal Ombudsman to identify lawyers when publishing decisions
11 November 2010 - Consumer Panel calls on regulators to tighten controls on the quality of lawyers
14 October 2010 - Panel responds to public bodies review announcement
22 September 2010 - Panel seeks evidence on problem will writers
22 September 2010 - Panel starts investigation into will writing
14 June 2010 - Consumer Panel expresses frustration at lack of Regulatory Independence Certificates
26 May 2010 - Consumer Panel calls for action to tackle problems around referral fees in legal services
30 March 2010 - Consumer Panel publishes its 2010/11 Work Programme
4 December 2009 - Referral arrangements to be the first major project for the Legal Services Consumer Panel
11 November 2009 - Launch of the Legal Services Consumer Panel

Stakeholder Meetings

Andrew Dismore
Association of British Insurers
Bar Council
Bar Standards Board
Bridget Prentice MP
Civil Justice Council
Citizens Advice
Co-operative Legal Services
Consumer Focus Wales
Council for Licensed Conveyancers
David Howarth MP
Department for Business, Innovation and Skills
Faculty of Notaries

Fellowship of Professional Will Writers & Probate Practitioners
Henry Bellingham MP
Housing Ombudsman
Immigration Services Commissioner
Institute of Advanced Legal Studies
Institute of Chartered Accountants in England and Wales
Institute of Legal Executives
Institute of Paralegals
Institute of Professional Willwriters
Institute of Trade Mark Attorneys
Intellectual Property Regulation Board
John Howard
Law Society
Legal Complaints Service
Legal Ombudsman
Legal Services Commission
Legal Services Commissioner of Queensland, Australia
Legal Services Ombudsman
Lucy Scott-Moncrieff
Ministry of Justice's Consumer Advisory Panel
Office of Legal Complaints
Professor Stephen Mayson
Professor Richard Moorhead
Professor Mark Drakeford
Royal National Institute of Blind People
Society of Legal Scholars
Solicitors Regulation Authority
Thompsons Solicitors
Trades Union Congress
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