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Dear Elisabeth,

Voluntary quality schemes in legal services

In response to your report my Board undertook further work in this area, publishing a consultation paper on the range of quality risks and suggested regulatory interventions. We have now considered the responses to the consultation alongside our formal response to your report. I attach the paper that my Board considered at its September meeting.

My Board has accepted your recommendations which we have also endorsed in the consultation response document. Here we identify a number of next steps which we expect the regulators to take account of in their future work. This includes the use of appropriate information sources, including voluntary quality schemes, in the assessment of risk which will necessitate close working between regulators and scheme operators.

Earlier this year, we held a roundtable event with voluntary quality scheme operators and regulators where the recommendations your report made concerning the essential characteristics required of credible schemes were discussed. We are aware that following this event, some schemes have implemented measures addressing their consistency with the essential characteristics and that the Panel has continued its dialogue with them. We would therefore encourage you to consider undertaking a review of progress among schemes in meeting the essential characteristics.

My Board agreed that the issue of voluntary quality scheme accreditation would be considered further once schemes and regulators have had the opportunity to establish how they can work together in the future. As indicated in your report, and as we have recognised in our response document on the quality consultation, at this time the successful development of these schemes is likely to be through market activity rather than any outside influence.

It would be helpful if you could keep the LSB and the regulators informed of any further work you undertake in this area. In particular, should you consider, at an appropriate point, reviewing progress among voluntary quality schemes in meeting the essential characteristics and addressing credibility issues we would be very interested in seeing any results.

More widely, you will note that our response outlines the success criteria by which we will hold regulators to account in relation to quality assurance, including the need for improved transparency of performance information. It is here where I see potential synergies with the Panel's forthcoming advice on the extent to which the regulatory system could, and should, help consumers to choose and use legal services.

A handwritten signature in black ink, appearing to read "David Edmonds". The signature is written in a cursive, slightly slanted style.

David Edmonds
Chairman

Consumer Panel recommendation	LSB accept or reject	LSB response
<p>Scheme operators should undertake a detailed self-assessment against the essential characteristics set out in this report. In particular, there are four main elements of schemes which need attention:</p> <ul style="list-style-type: none"> - Measures that assess actual competence, such as spot checks or mystery shopping, should be used to ensure ongoing competence; - Clearer consumer information, which should be made more easily available; - Lay input and consumer feedback should be included to a greater extent into scheme development and review; and - Data should be collected, analysed and published to validate scheme claims and inform ongoing review processes. 	<p>Accept</p>	<p>The LSB considers that the essential characteristics set out in the report offer a solid basis for scheme operators to self-assess against and, similarly, for others to judge them on. Our consultation paper identified the potential for these schemes, where they are robust; to be used by approved regulators to inform risk assessment. This was supported by respondents subject to there being sufficient credibility of the schemes. We consider that the Panel's advice provides a practical framework for developing the credibility of the schemes, particularly in relation to frequency of re-accreditation and rigour of the process. Following a roundtable event held with scheme operators and observed by a representative of the Panel, we are aware that some schemes have implemented measures addressing their compliance with the characteristics. We would therefore encourage the Panel to consider undertaking, at an appropriate point, a review of progress among schemes in meeting the essential characteristics.</p>

<p>Regulators should collect data on scheme membership and examine how membership of credible schemes could be recognised within risk-based regulation.</p>	<p>Not directly for LSB</p>	<p>The LSB has asked regulators to liaise with schemes and identify possible information sources to assist in risk assessment of regulated providers. First regulators need to be able to assess schemes on a case by case basis in order to assess how useful they could be in guaranteeing competence. An example might be the information schemes hold in relation to changes in a firm's status within the scheme which may have a bearing on regulators own assessment of risk. For their part, schemes would need to think clearly about the purpose of their quality mark and where they situate themselves on the continuum between identifying competence, specifying good practice and recognising best practice</p>
<p>Scheme operators and the LSB should consider the advantages and drawbacks of developing an independent accreditation scheme for Voluntary Quality Schemes.</p>	<p>Accept</p>	<p>We accept the Panel's analysis of the issues with the credibility of voluntary schemes and have discussed some of these issues with the scheme operators who agreed that a process of continuous improvement and self-review should be put in place. Given this commitment, at this stage we consider that the schemes should be given an opportunity to improve and work more closely with regulators before further discussions take place in relation to independent accreditation. Furthermore it may be that this becomes an issue for the frontline regulators if particular issues arise from their joint working. We consider that a review by the Panel will shed additional light on whether credibility issues persist.</p>