



Annual Report 2021

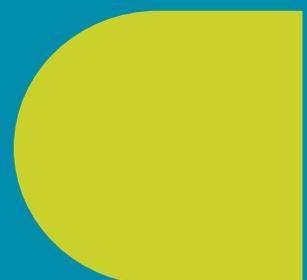
June 2021

Our vision

A market where everyone can access legal services that meet their needs and where consumers are placed at the heart of regulation.

Our remit

To represent the interests of the many different consumers of legal services, including small businesses and charities. A core emphasis is on the needs of vulnerable consumers.



About us

Our purpose

The Legal Services Consumer Panel is a central feature of a regulatory framework in England and Wales, which is designed to transform the legal services market around the needs of its users.

Created by the Legal Services Act 2007 (The Act), we are an independent arm of the Legal Services Board. As a permanent, discrete champion for consumers, we have an essential responsibility to ensure that regulators are able to consider and act on the user perspective, putting the consumer interest at the heart of regulation.

Our vision

A market where everyone can access legal services that meet their needs, and where consumers are placed at the heart of regulation.

Our remit is to represent the interests of the many different consumers of legal services, including small businesses and charities. A core emphasis is on the needs of vulnerable consumers.

How we work

The Panel provides high quality, evidenced-based advice and challenge to the Legal Services Board and front-line regulators, in order to help it make decisions that are shaped around the needs of users. We do this within a very limited budget.

The Panel's geographic remit is England and Wales. The Panel will remain alert to any differences in needs and tailor our policy advice accordingly.

Who we are

The Panel is made up of eight lay members whose appointments are approved by the Lord Chancellor. Our members' varied experience and expertise include: charitable, private and public sectors; advice provision; consumer research; trading standards; technology; and complaints handling. Panel members are not able to be practising lawyers. More information about the Panel members can be found on our website [here](#).

Our approach to regulation

We support regulation which creates the right balance between access to justice and consumer protection. We will challenge and support regulation to enable consumers to benefit from high quality services.

Chair's Foreword

After a year of personal and collective tragedies, with so many families experiencing the ghastliness of COVID, everyone feeling the effects of the restrictions on their lives and businesses, and the awful events leading to the formation of the Black Lives Matter movement, it is important for all sectors to reflect on what can be learnt, and how we can arrange things better in the future. The legal sector has proved remarkably agile in the face of the COVID19 restrictions, moving their services where practical onto online platforms, but also going to some lengths to offer face-to-face services where needed and appropriate. Discussions and commitments around equality and diversity have also been re-invigorated, as many have had to struggle harder to access legal services.



And yet this period has also shone a light on the difficulties faced by so many individuals and communities. The impact of reductions over many years in legal aid and free advice services, and the cuts in court resources, have become even more evident over the last year, leading to long delays in securing legal outcomes and a yawning chasm of unmet legal need for those unable to pay for a professional service. Levels of trust in legal services remain particularly low among ethnic minority consumers, as we revealed in our study published in January.

In times such as these it is more important than ever that those responsible for the regulation of legal services play a strong proactive role in using their convening power to promote innovative ways to meet the most urgent unmet legal needs and promote greater trust, whether through unbundling legal services, using technology to drive down costs, or to fill the gaps in information which users need to enable them to make wise choices. We at the Consumer Panel have worked hard over the past year, with the regulators, the legal representative bodies and others to push these issues forward.

This Report summarises the steps we have taken over the last year, and will continue to take, in these and other areas.

We are encouraged to see a fresh spirit of collaboration emerge from some of the battles of previous years, with welcome moves made by the SRA working with the other regulators to develop a practical pilot project to develop quality indicators, and by the LSB to draw up an ambitious ten-year strategy for the legal sector, focused on fairer outcomes, stronger confidence and better services, which we have reflected in our own three-year strategy.

There is a long way to go to develop a genuinely consumer-focused legal sector which can meet the needs of all those who need to use it, but we can have a good crack at that if we carry on in the spirit of collaboration and joint endeavour which we have seen emerging in the last year.



Sarah Chambers

Chair

Equipping consumers with information

What we called for:

- The publication of price and quality information.
- Better tools to enable consumers to compare providers.
- More accessible information for consumers to help them understand their rights, protections and routes to redress.

What we did in 2020/21

In last year's Annual Report, the Legal Services Consumer Panel (LSCP) chronicled its history of advocacy to help consumers gain access to price and quality information from legal services providers. The Panel also expressed disappointment at the lack of progress by regulators in exploring and establishing quality indicators.

We noted that the Competition and Markets Authority (CMA) were scheduled to return to reassess the sector in 2020 and we said we would submit a robust response highlighting the slow pace we had observed. We also made the case for monitoring compliance with the new rules and guidance on price transparency.

The Panel is pleased to note that progress has been made over the past year. Most of the regulators now have a set of prescribed rules on price transparency and satisfactory monitoring and evaluation plans have been put in place. Although the job is not complete, the sector is now in a better place from which it can build further.

In addition to the progress made on price transparency, we have begun to observe a shift in the pace at which quality indicators are being explored by some regulators. We are particularly pleased to see regulators collaborating and piloting ideas together.

The Panel has played a consistent and proactive role in encouraging these developments. We have persisted with highlighting how quality indicators enhance and interact with price transparency. We have used our position on the CMA Remedies Programme Implementation Group (RPIG) to advise and challenge regulators on regulatory policies and developments.

We have also convened meetings with the relevant regulators and others to discuss the shape and form of piloting quality indicators and we have advised on the areas of law to pilot, using evidence from our own research as well as other pieces of research.

We commissioned and published qualitative research on quality indicators

In 2020, the Panel commissioned YouGov to carry out research on consumers' understanding and use of quality indicators in the legal services sector.

Our research findings were not surprising.¹ We found that there are wide gaps in the information to be made available to consumers to help them assess quality upfront, and we made suggestions to reduce these gaps (see box).

It is therefore pleasing to see that our years of focused advocacy, policy papers and stakeholder influencing is finally bearing some fruit with regulators making progress and actively exploring options.

Our future focus on transparency

Going forward, we will focus on ensuring that the transparency measures prescribed by the regulators are developed further, and that they are delivering good outcomes for all consumers.

The Panel will seek to ensure that regulators have in place robust monitoring and evaluation plans, so that learnings from the pilots and future policies are evaluated and revised as appropriate.

The Panel will continue to make the case for appropriate consumer segmentation. We will build on our work which shows that regulatory policies, interventions and implementation of policies may need to be targeted, in a different way, to varying groups of consumers.

We have commissioned YouGov to carry out some qualitative research on segmentation as part of our tracker survey. The findings of this piece of research will inform our work in 2021/22 (see the box below).

We published a report highlighting disparity in the experiences of ethnic minorities experience of legal services

In 2020, the Panel published a paper which echoed the findings of its 2016 report showing that there is a disparity in the experiences of ethnic minority consumers when accessing legal services. It showed that very little progress was being made in this field. We found that ethnic minority consumers are less satisfied with the choice on offer and find it more difficult to compare prices. They are also less satisfied with both the service they receive and the outcome of their matter than White British consumers.

Ethnic minority communities are still less likely to have a will in place compared to White British consumers, especially those with a Black African and Pakistani background.

Levels of trust in legal services providers remain significantly lower among ethnic minority consumers (51%) compared to White British consumers (68%).

LSCP's qualitative research paper suggestions

Giving consumers access to impartial information – on independent websites – would allow them to compare providers, aiding the selection process.

Potential information to include:

- staff credentials (information including their time in service, time with the firm, areas of expertise and curriculum vitae)
- Customer testimonials and reviews on an independent site;
- Regulatory information: visible and accessible at key points;
- Complaints process details including the role of regulators.

¹ [LSCP, Tracker Survey 2020, August 2020.](#)

The Panel is pleased to note that the Solicitors Regulation Authority (SRA) is exploring our findings further, including through a roundtable jointly hosted with the Panel in May to discuss and explore how trust can be built further within ethnic minority communities.

Transparency needs to deliver good outcome for all

Findings from our Tracker Survey 2020 on price, services, and quality:

- Consumers most commonly find out the price of the service through talking to a provider rather than other means (64% - unchanged since 2017).
- 7% found out the price on receipt of the bill, 6% on the provider's website, 3% in an advertisement and 3% on a comparison website.
- Users of family matters (25%) and no win, no fee (20%) services are most likely to only find out the price when they receive the bill.
- When shopping around for a provider, 35% of consumers can recall seeing information on staff, services or timings for delivery, a fall from 40% reporting seeing this information in 2019.
- Those using conveyancing services (28%) are less likely to have seen information when shopping around and those using a probate service (54%) most likely.

What we want to achieve over the next year

- We will work with the regulators and representative organisations to secure full implementation and evaluation of the CMA's transparency measures, including the development of appropriate choice tools.
- We will publish our research findings on segmentation and make the case for better segmentation in the regulation of legal service.
- We will publish a discussion paper on the importance of standardising appropriate information remedies to ensure effective delivery of information provision.

Protecting Consumers

What we called for:

- Consumers to have adequate protections and routes to redress.
- Flexible and innovative service with proportionate consumer protection.
- Enhanced understanding of the different needs and experience of consumers.

What we did in 2020/21

Protection and Redress

The Panel has consistently said that, where regulatory policy impinges on consumer interest or protection, regulators must always be clear about the trade-offs or alternative benefits that may accrue for consumers. We are still concerned that in important areas of regulatory policy this is still not happening.

In 2020, we responded to the SRA's consultation on its compensation fund arrangement and spent considerable time discussing evidential details with them. Once again, the Panel found itself making arguments around the need for better impact assessment and evidence.

A key proposal in the SRA's consultation sought to reduce the compensation fund limit from £2m to £500,000. The Panel argued strongly against the proposal as well as other proposals on the following basis:

- Lack of consumer research and inadequate evidence
- Perverse driver for change
- Danger in eroding public and consumer confidence
- Insufficient protection for consumers of conveyancing and probate services
- The SRA's analysis ignored other ways to reduce the cost without eroding consumer protection to such a degree.

As well as responding to the SRA's consultation, we responded to the rule change application the SRA submitted to the LSB, highlighting why these sets of proposals tilted the risk too far towards consumers, for no justifiable benefits or even wider good. The Panel welcomes the LSB's warning notice asking the SRA to submit more evidence.

The Panel remains dissatisfied with the quality and consistency of analysis and impact assessments carried out by some regulators. We will continue to call for these to be strengthened. This dissatisfaction reflects a wider concern that regulators are not sufficiently consumer focused on their policy consideration.

Innovation

The current Pandemic highlights the need for regulators to consider what must be in place for LawTech regulation to succeed in its task. This includes incentivising law firms to adopt digital innovations to broaden access to justice while at the same time having adequate consumer protection in place. The Panel has previously noted that it is not enough for regulators to react - they must be proactive.

In 2020, we published a discussion paper on regulatory sandboxes to promote innovation. The report explored how regulators could use sandboxes to support innovation, while being mindful of consumer protection issues.

Sandboxes should not just be about relaxing bureaucracy or rules around regulation. They are about creating safe spaces within which to test law tech while making sure to avoid consumer harm.

LSCP recommendations to the legal services regulators when developing regulatory sandboxes:

- The eligibility criteria for such programmes should be straightforward and not overly prescriptive, and where necessary prioritise services for vulnerable consumers.
- The admission criteria should be clear and transparent, to ensure consistency and earn the trust of potential applicants.
- Some applicants will be developing disruptive business models that may differ from traditional ways of doing things, meaning that effective assessment of such applications could be difficult.
- The FCA has offered access to its sandbox to both regulated and unregulated firms. The Panel would welcome this approach in the legal services sector because it allows the latter to test their innovation, adhere to regulated standards and prevent potential consumer harm before launch.
- Timing, technology readiness and the ability to adapt to regulation are critical in achieving beneficial alignment of the needs of regulators and innovators.
- Regulators should ensure that safeguards are put in place by firms both before and during the consumer testing phase.

Unbundling of legal services – untapped potential

In 2020/21, the Panel revisited the research it conducted in 2015 on unbundling. The Panel remains keen to explore different means of closing the access to justice gap, including the use of unbundling.

The research in 2015 showed that the use of unbundling benefited consumers by increasing their access to justice. It reduced their cost of legal services by up to two thirds. Consumers also reported a greater sense of control and ownership. Those who had used unbundled services felt that it improved the outcomes of their case.

The Panel believes that there is scope for the offering of more unbundled services, and we remain of the view that this can help some consumers to access legal services and to reduce unmet legal need. However, there are challenges around consumer awareness and provider confidence or risk appetite.

Our research revealed that the option to unbundle was rarely promoted by providers either directly to consumers or through advertising. Providers mentioned the absence of a formalised process to assess the consumer's capability of taking on tasks assigned to them. For example, providers feared discrimination challenges if they explicitly informed consumers that they were not suited to unbundle, e.g. if their English language skills were not strong enough.

Our report concluded that access to unbundled legal services can be enhanced with improved promotion by providers. However, regulators have a role to play by way of producing regulatory guidance which addresses current concerns by providers about potential risks.

Next steps on unbundling

The Panel hosted a roundtable event in May with regulators, other key stakeholders and providers. At the round table we explored the appetite for regulators to do more by way of publishing guidance to assuage providers' concerns. The Panel also invited providers who offered unbundled services to share their experience and any concerns or issues they may have experienced, including how the use of efficient technology in areas such as case management has helped. There was a strong consensus that the SRA's offer to convene a group for the purposes of the pilot was a positive move forward.

We explored advice deserts in legal services

The Panel committed to explore concerns about advice deserts in 2020/212. Our desk research showed that more than half of all local authority areas in England and Wales covering nearly 22 million people - do not have a single housing legal aid provider.

We also found that legal aid services are often provided by small businesses (law firms) which need to be economically viable to survive. There are growing challenges to these firms. These include:

- Cuts in fees – Fees paid for legal aid have not been increased in line with inflation since 1998/99: a real term decrease of 41%.
- Cuts in scope – Housing is a broad category of law covering many issues. Legal aid cuts introduced in 2013 reduced the areas of housing work that could be undertaken by legal aid. Following these cuts, only homelessness, severe disrepair or possession proceedings remain in the scope of housing legal aid.
- Year on year reduction in case numbers – following these cuts to legal aid fees and the scope of legal aid coverage, the volume of housing cases eligible for legal aid has reduced significantly. While this was anticipated following cuts to legal aid made under LASPO in 2013, the fall in expenditure on legal aid has continued year on year.

The Panel has highlighted these issues in a Chair's blog post and had extensive discussions with Shelter Cymru, Shelter England and the Law Society to understand how we might add value or contribute positively to the issues highlighted. These meetings have shaped the options available to the Panel, which does not have the resources necessary to conduct a further review or report on its own. We are now in the process of exploring how to pursue these issues further, including the possibility of partnering with others.

Over the next year the Panel will:

- Encourage the regulators to develop and entrench a more consumer-focused approach to regulation.

² By advice deserts we mean the decline or disappearance of lawyers qualified to provide specialist legal support especially to the most vulnerable.

- Promote a coordinated sector response to meet the issues exacerbated by Covid-19.
- Try to secure funding for its proposed work on advice deserts.

Stakeholder engagement

The Panel meets with key stakeholders regularly (often at CEO/Chair level) to discuss regulatory issues and share our concerns. In 2020/21 we held more than 50 such meetings. This is a significant aspect of our ongoing work. These meetings extend beyond legal services regulators to representative bodies of the professions, government departments and other consumer groups.

It is also important to emphasise that a significant aspect of our stakeholder engagement and influencing work takes place at our Panel meetings. In 2020/21 we welcomed to our meetings senior stakeholder representatives from:

- The Bar Standards Board
- The Solicitors Regulation Authority
- The Legal Ombudsman
- The Institute of Chartered Accountants in England and Wales
- The Law Society
- Her Majesty's Court and Tribunals Service

Additionally, we engaged with stakeholders outside the sector too, e.g. Shelter England, Shelter Cymru and the Association of Consumer Support Organisations, where we sought to understand, influence and input to a range of policy proposals or ideas.

We have engaged with LawTech UK/TechNation with the aim of increasing the availability of tech-based solutions to support consumers accessing justice.

Finally, the Panel has worked on delivering its work programme while responding and engaging with the LSB on its own programme of work, especially on developing quality indicators, ongoing competency and the LSB's strategy. We typically do this by engaging with the LSB at a working level, during early stages of policy development and consultation responses, and by engaging with Board members either individually or through board to board meetings.

Transparency

The Panel is committed to transparency. Below we list details of our expenditure and outputs for the past year.

Expenditure

The Consumer Panel is supported by a small policy secretariat and is funded by the LSB as part of its annual levy on the approved regulators. Our budgeted costs for the year ending 31 March 2021 were £236,803 (see below Table 1 overleaf for a breakdown). Details of members' expenses are available on the Panel's website [here](#).

Attendance

The Consumer Panel held six formal meetings this year. The attendance of each Panel Member is outlined based on the number they were eligible to attend:

Sarah Chambers - 6/6

Adam Cooper 5/6

Owen Derbyshire – 6/6

Liz Owen - 6/6

Paul Crook – 6/6

Mark McLaren - 5/6

Lisa Davis - 5/6

David Abbott – 5/6

Activities and outputs

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

- Policy and research reports - 10
- Consultation responses – 11
- Speeches and presentations – 8
- Ongoing committees and working groups – 5
- Events hosted by the Panel – 2
- News releases – 3
- Blog posts – 3
- Stakeholder meetings – 52

Table 1 – Breakdown of Panel expenditure in 2020/21

Category	2019/20	2020/21
Panel Fees and Secretariat	191,810	192,609
Research	43,607	44,177
Travel	1,658	17
Training	0	0
Subscriptions/office costs	2,819	0
Catering/room hire	172	0
Total	240,066	236,803

Consumer Panel's activities

Policy and consumer research reports

31 March 2021	LSCP discussion paper on unbundling legal services
1 March 2021	Infographic on how ethnic minority consumers are using legal services
19 January 2021	Experiences of Black Asian and Minority Ethnic groups using legal services
11 August 2020	Tracker Survey 2020 – Infographic on how consumers are choosing legal services
11 August 2020	Tracker Survey 2020 – Infographic on how consumers are using legal services
11 August 2020	Tracker Survey 2020: How consumers are using legal services
11 August 2020	Tracker Survey 2020: How consumers are choosing legal services
11 August 2020	Tracker Survey 2020 – data tables for recent users
28 July 2020	Developing regulatory sandboxes for legal services innovation
20 July 2020	Consumers feedback on quality indicators in legal services

Consultation responses

9 February 2021	LSB - SRA rule change for Compensation Fund application
5 February 2021	LSB – Consultation response on its draft Strategy and Business Plan for 2021/22
15 January 2021	LeO – Consultation on the Legal Ombudsman’s draft Business Plan for 2021/22
19 October 2020	LSB – The SRA’s Application for Approval of the Solicitors Qualifying Examination
7 October 2020	CILEx Regulation – Consultation to regulate the ACCA uncontested probate providers
30 September 2020	CMA – Call for Input
7 September 2020	SRA – Consultation on its Business Plan 2020/21
3 August 2020	CILEx Regulation – Proposal to extend the Transparency Rules to immigration service
2 July 2020	LSB – Call for Evidence on Ongoing Competence in legal services
30 April 2020	SRA – Consultation on delivering immigration advice services
21 April 2020	SRA – Consultation on Compensation Fund changes

Speeches and presentations by the Chair, Panel Members, and Secretariat

16 March 2021	Access Legal – Compliance Expert Panel: Speaking to the regulators
23 February 2021	LawTech UK – Speak on consumer interest
3 February 2021	LawTech UK – Legal data sharing Roundtable
30 January 2021	TalkRadio – Live interview on the diversity paper the panel published
14 January 2021	LSB – Interactive webinar to discuss the finding of the State of Legal Services 2020 report
13 October 2020	TLS - The Law Society Excellence Awards 2020 - VIP judge invitation
29 July 2020	LSB – Quality Indicators Roundtable
18 June 2020	Legal Futures - Interview

Ongoing committees and working groups

Consumer Panel Chairs regular meetings
Legal Services Board Research Strategy Group
Legal Regulators Research Forum ³
Regulators' Forum ⁴
Remedies Programme Implementation Group

Events hosted by the Panel

4 November 2020	Mini-roundtable to discuss the bottom-up approach to QIs with the regulators (II)
9 October 2020	Mini-roundtable to discuss the bottom-up approach to QIs with the regulators (I)

News releases

19 January 2021	Regulators must address the persisting inequality for consumers from different ethnic minorities
11 August 2020	Consumers are shopping around more but pricing information needs to be monitored
28 July 2020	Regulators should develop innovation sandboxes with the consumers in mind
20 July 2020	Consumers are shopping blind without quality indicators

³ A forum for all the legal regulators to meet and discuss the research each organisation is undertaking. It is focused solely on research.

⁴ A forum for discussion of common issues between regulators, LSCP, and LeO. This meeting is broader than research.

Blog posts

26 January 2021	Everything has changed. Nothing has changed Sarah Chambers
21 December 2020	No room at the Inn? (and nobody to give free housing advice either!) Sarah Chambers
9 April 2020	Responsible technological innovation that improves access to justice Owen Derbyshire

The list of the stakeholders the Panel has met throughout the year

The Panel also hosted a roundtable on contextualising complaints data where all the Frontline and Approved Regulators attended, including key organisation representatives.

Access Legal
Association of Consumer Support Organisations
Bar Standards Board
Bar Council
CILEx Regulation
Council for Licensed Conveyancers
Competition and Markets Authority
Consumer Panel Chairs Group
Cost Lawyers Standard Board

Citizens Advice
Cynnig Cymraeg / Welsh Offer
Fintech Circle
Her Majesty Courts and Tribunals Services
The Intellectual Property Regulation Board
The Institute of Chartered Accountants in England and Wales
Law Society
LawTech UK / Tech Nation
Legal Ombudsman/Office for Legal Complaints
Legal Services Board
Legal Choices Steering Group
Legal Futures
Master of Faculties
Ministry of Justice
Office of the Immigration Services Commissioner

Ombudsman Association
TalkRadio
University College London
Research Strategy Forum
Remedies Programme Implementation Group (CMA Report)
Shelter Cymru
Shelter England
Solicitors Regulation Authority
State of Victoria Consumer Commission

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.

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