
Purpose

This document is intended to help Costs Lawyers better understand the programme of activity that was funded through their practising fees in 2020, as well as the benefits of that activity, in line with the Legal Services Board's [Guidance on its Practising Fee Rules](#).

In particular, this document:

- describes the annual priorities in the CLSB's 2020 Business Plan;
- explains whether, when and how they were achieved;
- summarises their intended benefits, by reference to our strategic goals and the regulatory objectives in the Legal Services Act 2007; and
- provides examples of indicators that we believe demonstrate they had the benefits we anticipated.

You might like to consider this document alongside the CLSB's [consultation](#) on the proposed Costs Lawyer practising fee for 2022, which closes on 6 September 2021.

Regulatory objectives

Below are the regulatory objectives established by the Legal Services Act 2007, which the legal regulators (including the CLSB) must promote through their work. Each regulatory objective is assigned a number, 1 through 7. These numbers are used in the remainder of this document to demonstrate how our annual priorities for 2020 were intended to promote the regulatory objectives.

1. *Protecting and promoting the public interest.*
2. *Supporting the constitutional principle of the rule of law.*
3. *Improving access to justice.*
4. *Protecting and promoting the interests of consumers.*
5. *Promoting competition in the provision of legal services.*
6. *Encouraging an independent, strong, diverse and effective legal profession.*
7. *Increasing public understanding of the citizen's legal rights and duties.*
8. *Promoting and maintaining adherence to the professional principles.*

Strategic objectives

Below are the CLSB's strategic objectives for 2020 to 2023, as set out in our [mid-term strategy](#). Each objective is assigned a letter, A through E. These letters are used in the remainder of this document to demonstrate how our annual priorities for 2020 were intended to help us achieve our wider strategic goals.

- A. *We will have collaborative working relationships with key stakeholders in the costs law market and across the wider legal services landscape, including the Association of Costs Lawyers, the Legal Services Board and other Approved Regulators. Through these relationships, we will identify best practice, harness evidence and data, and draw from the learnings of others, to deliver a rigorous approach at proportionate cost.*
- B. *We will consider and act upon evidence in a consistent, structured and documented way, furthering our ability to implement highly tailored regulatory arrangements.*
- C. *We will have an advanced understanding of the consumer dimension of the market we regulate, and we will regularly revisit and update our perception of the risks posed by the profession to the public.*
- D. *We will have a deep comprehension of the risk framework within which we operate, and our stakeholders will be confident that we are delivering robust risk-based regulation that is bespoke to Costs Lawyers.*
- E. *Costs Lawyers will view the CLSB as facilitating a trusted and evolving profession, responding proactively to new challenges and needs.*

Annual priorities

Improving our regulatory arrangements

	Initiative	Status (by end of 2020)	Intended benefits	Example indicators of the benefits achieved
1.	<p>Complete the review of our Disciplinary Rules and Procedures following consultation in 2019 by:</p> <ul style="list-style-type: none"> • implementing revised rules; • producing associated guidance for Conduct Committee members, including in relation to financial penalties; • articulating parameters for ad hoc recruitment of Panel members; • creating an operating framework for the new Case Manager role; • reviewing our policy on the publication of outcomes. 	<p>Achieved (Q4)</p> <p><i>New Disciplinary Rules and Procedures, along with associated guidance and policies, were implemented in May. The operating framework for the Case Manager role has been created. We have also begun using a new precedent Letter of Appointment for Panel Members, incorporating updated provisions around termination and compliance with the Code of Conduct. This completes all actions for 2020.</i></p>	<p>Strategic objectives: B, E</p> <p>Regulatory objectives: 1, 2, 4, 6, 8</p>	<ul style="list-style-type: none"> • Increased ability to safeguard the public through new interim suspension powers. • Greater scope for resolution of complaints at early stage – all complaints were resolved satisfactorily prior to the full investigation stage in 2020 following implementation of the new regime. • Renewed interest in and commitment to Panel membership, with all existing Panel Members (and one new member) signing up to our guidance and policies.
2.	<p>Complete the review of our approach to Continuing Professional Development (CPD) by:</p> <ul style="list-style-type: none"> • consulting on proposed changes; • implementing new rules and guidance; 	<p>Achieved (Q3)</p> <p><i>Our rule change application was approved in June and supporting materials (including amended Accredited Costs Lawyer Rules) have been published. A comms plan for implementation (in January 2021) has been developed and</i></p>	<p>Strategic objectives: A, B, E</p> <p>Regulatory objectives: 4, 6, 8</p>	<ul style="list-style-type: none"> • We were able to accelerate changes to meet Costs Lawyers' need for flexibility and choice in online CPD during the coronavirus pandemic, demonstrating that

	<ul style="list-style-type: none"> developing reporting templates and case studies to assist practitioners. 	<p><i>an introductory video has been commissioned. There are no further actions for 2020.</i></p>		<p>the new CPD model reflects modern ways of working.</p> <ul style="list-style-type: none"> Early feedback points to increased breadth and relevance of training activities being chosen by Costs Lawyers. A full evaluation will take place after two years.
3.	<p>Review our Practising Rules and Practising Certificate Reinstatement Procedure, with the aim of bringing them into line with updates made to other regulatory arrangements and acting upon insights gained from our supervision and disciplinary activities.</p>	<p>Achieved (Q3)</p> <p><i>Our rule change application was approved in Q3 and new rules have now been implemented, along with updated guidance on insurance and a new policy statement on practising conditions.</i></p>	<p>Strategic objectives: B, E</p> <p>Regulatory objectives: 1, 4, 6, 8</p>	<ul style="list-style-type: none"> All Costs Lawyers made fresh disclosures under the new rules, giving us complete historic data so we can better identify risks to the public. We have been able to give consistent, clear and fair answers to enquiries from prospective qualifiers about when disclosures might lead to the imposition of practising conditions.
4.	<p>Deliver the phase 2 actions identified in the 2019 Handbook Audit, in particular conducting a routine substantive review of our guidance relating to:</p> <ul style="list-style-type: none"> Damages-Based Agreements and Conditional Fee Agreements; Insurance; Anti-money laundering; Referral arrangements; and Retention of a client’s file. 	<p>Achieved (Q4)</p> <p><i>Three of the five guidance notes were approved by the board in July and have been implemented. Advice was taken in relation to the referral arrangements and fee agreements guidance. Those guidance notes were approved by the board in October and have now been implemented, concluding phase 2 of the Handbook Audit.</i></p>	<p>Strategic objectives: B, E</p> <p>Regulatory objectives: 1, 4, 6, 8</p>	<ul style="list-style-type: none"> Three quarters of our guidance has been either produced or updated in the last 18 months, meaning that Costs Lawyers have access to current, relevant materials and recent good practice examples from across the sector and beyond.

5.	Revisit our diversity action plan to ensure it reflects prevailing best practice and addresses issues that impact upon the Costs Lawyer profession in particular.	<p>Achieved (Q1)</p> <p><i>The diversity action plan has been completed. Additional activities have been undertaken to address the new LSB approach and expectations. A progress report was provided to the LSB in April, summarising our initiatives. Further work on diversity and inclusion will be prioritised in 2021.</i></p>	<p>Strategic objectives:</p> <p>A, B, E</p> <p>Regulatory objectives:</p> <p>6</p>	<ul style="list-style-type: none"> • Significant improvements in our data collection (both response rates and data quality) have allowed us to compare the profession to other groups and identify where change is most needed going forward.
6.	Examine our evidence base in relation to new and emerging policy developments, our regulated community and the regulated market.	<p>Achieved (Q3)</p> <p><i>This priority was aimed at addressing concerns raised by the LSB in the context of its regulatory assessment. Having demonstrated to the LSB how we examined our evidence base to inform our regulatory arrangements throughout 2020, the LSB updated its assessment in Q3 to acknowledge the progress made and set new actions in relation to (i) delivering our Consumer Engagement Strategy (ii) improving diversity data and (iii) achieving our 2021 Business Plan priorities. We have the framework in place to meet those expectations in 2021.</i></p>	<p>Strategic objectives:</p> <p>A, B, D</p> <p>Regulatory objectives:</p> <p>1, 4, 5, 6, 8</p>	<ul style="list-style-type: none"> • Improvements to the data we hold on the profession has enabled us to transform our approach to supervision in 2021. • We have made use of existing market evidence held by the SRA, LSCP, LSB and others to deliver targeted regulation for Costs Lawyers without increasing our research budget. • Our stakeholder networks have allowed us to gather evidence on specific issues – e.g. handling client money – comprehensively and efficiently when needed.

Protecting the interests of consumers and promoting professional standards

	Initiative	Progress status	Intended benefits	Example indicators of the benefits achieved
7.	<p>Build on research undertaken in 2019 to deliver:</p> <ul style="list-style-type: none"> • a final report on consumer use of Costs Lawyers' services; • a revised consumer engagement strategy; and • a framework for aligning risk assessment and regulatory approach to consumer need and expectations. 	<p>Achieved (Q1)</p> <p><i>A revised Consumer Engagement Strategy was published in Q1 2020. The interim report was published as an annex to a Board Decision Note. Actions under the new strategy commenced in H2 2020 and are due to be completed during H1 2021.</i></p>	<p>Strategic objectives: B, C</p> <p>Regulatory objectives: 1, 3, 4</p>	<ul style="list-style-type: none"> • Actions from year 1 of the consumer engagement strategy improved our consumer evidence base, enabling us to make a commitment to focusing on consumer outcomes in all our work from 2021 onward.
8.	<p>Review our guidance on vulnerable consumers.</p>	<p>Deprioritised / superseded</p> <p><i>This has been identified as an action for year 2 of the Consumer Engagement Strategy, so it will now be delivered in the 2021/22 cycle. In 2020, we will begin delivering the actions identified in the first strategy cycle.</i></p>	<p>Strategic objectives: B, C</p> <p>Regulatory objectives: 3, 4</p>	N/A
9.	<p>Work with ACL Training on delivery of the refreshed Costs Lawyer Qualification, building on preliminary analysis and development of materials in 2019.</p>	<p>Achieved (Q4)</p> <p><i>The qualification reopened in January 2020. We have been working with ACL, ACLT and our education adviser to agree a new approach to audit of the course and a reporting framework. This has now been agreed and the audit process is in</i></p>	<p>Strategic objectives: E</p> <p>Regulatory objectives: 3, 6</p>	<ul style="list-style-type: none"> • Through this work, we have identified aspects of our framework for regulating the Costs Lawyer Qualification that are out of date and need improving, to ensure that our expectations of newly qualified Costs Lawyers meets

		<i>train. We will continue to work with ACLT next year to respond to the new viability challenges that arose in relation to the 2021 intake.</i>		the needs of (all types of) clients. This has triggered a flagship competency project in 2021.
10.	Collaborate with the Association of Costs Lawyers (ACL) on identifying touchpoints for the collation and analysis of data relating to the profession, including sources of instructions.	Deprioritised / delayed <i>Initial data was gathered at an event prior to the coronavirus outbreak, enabling us to consider how to approach future activity. However further opportunities for this type of data capture have been severely limited by the impact of Covid-19 on large scale events. We will return to this workstream once large events are possible (and are being run by ACL) and will continue to consider other options / avenues.</i>	Strategic objectives: A, B, C Regulatory objectives: 3, 4, 5, 6	N/A
11.	Engage with Professor Mayson’s review of legal services regulation and collaborate with ACL to promote understanding of what Costs Lawyers do and the relative risks to consumers from over- and under-regulation of the market.	Achieved (Q2) <i>Input was provided as the report was developed. The final report has now been <u>published</u>, with positive recommendations relating to costs work and the profession.</i>	Strategic objectives: A, C Regulatory objectives: 1, 3, 4, 5	<ul style="list-style-type: none"> The review has captured evidence of risks to the public from underqualified advisors doing costs work. We are able to draw on this evidence base in future work, e.g. when considering revisions to the list of reserved legal activities.
12.	Develop and agree a new memorandum of understanding with ACL to implement the Legal Services Board’s internal governance reforms and establish an improved framework that appropriately balances cooperation, oversight and independence.	Achieved (Q2) <i>The new MOU and OP were executed in Q2 and the CLSB submitted comprehensive compliance documentation to the LSB. We considered this priority to be achieved from the CLSB’s perspective in Q2, and</i>	Strategic objectives: A, D Regulatory objectives: 1, 4, 6	<ul style="list-style-type: none"> The arms-length relationship between ACL and CLSB is now clearly documented, with a process for escalating disputes, giving all stakeholders confidence in our independence.

		<i>ACL's rule change application was subsequently approved by the LSB in Q3.</i>		<ul style="list-style-type: none"> • A routine review of the MOU and OP in 2021 found that the arrangements are working well in practice.
13.	Explore with ACL how we can improve the content or format of the regulatory information that we publish for the benefit of the profession and other stakeholders.	<p>Achieved (Q4)</p> <p><i>A new data webpage has been created to host all data in one place. Regulatory return data has been updated for 2019 and published. Diversity survey data has been published for the first time. Results of our coronavirus impact survey have been published in a new report format, using graphical illustrations and identifying key themes. We have struggled to obtain meaningful feedback from ACL on the presentation of the data, so have relied on the views on other stakeholders to inform our work.</i></p>	<p>Strategic objectives: A, D</p> <p>Regulatory objectives: 4, 7, 8</p>	<ul style="list-style-type: none"> • Stakeholders have been able to easily access and use our data, e.g. the LSB has incorporated our diversity and Covid-19 impact data into its sector dashboards. • Disciplinary data is now more clearly displayed, with practising conditions noted on the register, to help consumers make informed choices about their adviser.

Modernising our organisation

	Initiative	Progress status	Intended benefits	Example indicators of the benefits achieved
14.	Refresh the CLSB website, with a focus on user experience, legals and transparency, enabling Costs Lawyers, consumers and other stakeholders to easily access the information they need.	<p>Achieved (Q1)</p> <p><i>New website was launched in March with upgraded functionality, new design, improved user experience and refreshed content. Improvements will be made on an ongoing basis where needed.</i></p>	<p>Strategic objectives: C, E</p> <p>Regulatory objectives: 3, 7, 8</p>	<ul style="list-style-type: none"> The website now meets good practice standards and rules, such as the Public Sector Bodies (Websites and Mobile Applications) (No. 2) Accessibility Regulations 2018, ensuring everyone can access our content. We are now able to publish information so that it can be accessed via different user pathways (for practitioners and members of the public), meaning we can tailor the user journey to meet the needs of different groups.
15.	Review the effectiveness of our new operating structure to identify whether and where further improvements can be made.	<p>Achieved (Q1)</p> <p><i>This was brought forward to Q4 2019 with the departure of the former Head of Operations. We do not intend to formally review the structure again in 2020 but are keeping resourcing requirements under review.</i></p>	<p>Strategic objectives: Facilitates all</p> <p>Regulatory objectives: Facilitates all</p>	<ul style="list-style-type: none"> Significant improvements to processes as well as increased efficiency and cost saving have been made possible through our restructure, as evidenced in our 2020 accounts and budgets for 2021 and 2022.
16.	Update and retest our business continuity arrangements to reflect	<p>Achieved (Q2)</p> <p><i>Significant improvements have been made in our business continuity</i></p>	<p>Strategic objectives: Facilitates all</p>	<ul style="list-style-type: none"> This work meant that we were able to deliver all regulatory services, as well as the

	potential improvements identified in 2019 testing.	<i>arrangements, particularly around IT systems and in the context of Covid-19. We are working within the parameters of an updated Business Continuity and Disaster Recovery Plan, approved by the board in July.</i>	Regulatory objectives: Facilitates all	priorities in this Business Plan and other projects, with no disruption despite the significant challenges caused by Covid-19.
17.	Explore whether there is scope to share services with other approved regulators or similar organisations, to improve efficiencies and save costs.	Achieved (Q3) <i>Discussions have taken place with two ARs, resulting in follow-up conversations with a number of service providers, and we pursued several further leads during Q3. Discussions have not led to any viable opportunities so we have decided not to expend further resource on speculative approaches. We will continue to explore opportunities going forward, but on a reactive basis.</i>	Strategic objectives: A Regulatory objectives: Facilitates all	<ul style="list-style-type: none"> This exploration has meant we are well positioned to take up opportunities for collaboration in 2021, in circumstances where larger regulators are starting to look at sharing services and expertise.
18.	Assess the impact of moving our practising certificate renewal process to a digital platform to improve data security, minimise manual processes and save resource.	Achieved (Q4) <i>Assessment of the 2019 renewal process was carried out in Q1. The risk/cost/resource profile led us to conclude that a digital platform is essential. By Q3, electronic forms had been finalised and tested, the new database had been developed and deployed, and we had begun using our new mass mailing system. The amended Practising Rules, facilitating the changes, were also implemented in Q3. Digital renewals went live in November.</i>	Strategic objectives: E Regulatory objectives: 6, 8	<ul style="list-style-type: none"> The extensive benefits achieved by moving our practising certificate renewal process to a digital platform were set out in a board paper in January 2021, available on our website. Benefits were achieved across all key metrics, namely: cost, resource implications, user feedback, data security, and data quality.

19.	Develop a policy for the publication of complaints against the CLSB, augmenting our existing Internal Complaints Handling Policy, covering the type of information that will be published, at what stage and where.	<p>Achieved (Q1)</p> <p><i>This has been developed and incorporated into our new website on a standalone page for complaints about the CLSB.</i></p>	<p>Strategic objectives: E</p> <p>Regulatory objectives: 1</p>	<ul style="list-style-type: none"> Stakeholders now have a clear understanding of how they can complain about us, how we will handle the complaint and what we will publish, building confidence in us as a fair and transparent regulator and mitigating any perception of corporate hypocrisy.
20.	Assess the effectiveness of our Transparent Decisions Policy as implemented in 2019 and consider whether any additional transparency measures are necessary.	<p>Achieved (Q2)</p> <p><i>The board considered a report on ARs' approaches to publishing board papers in April and agreed to implement a new approach to publication, as detailed on the What we Publish webpage. This will complement the continued operation of the Transparent Decisions Policy, and the effectiveness of the combined approach will be monitored going forward.</i></p>	<p>Strategic objectives: B, D</p> <p>Regulatory objectives: 1, 6</p>	<ul style="list-style-type: none"> Anecdotal feedback suggests that key stakeholders (such as ACLT and the LSB) are making use of our published board documents to understand our decision-making.