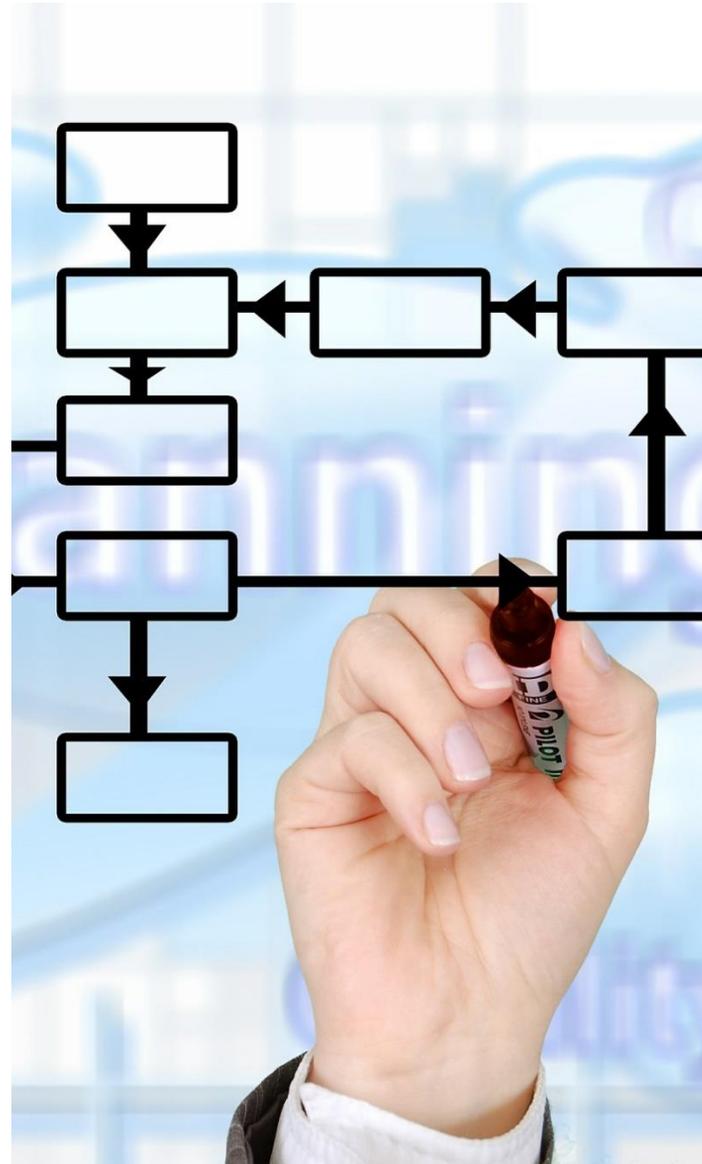


# Consultation

## 2024 practising fee: Summary of activity funded by the 2022 practising fee

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19 July 2023

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Costs Lawyer Standards Board

**CLSB**  
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# Purpose

This document is intended to help Costs Lawyers better understand the programme of activity that was funded through their practising fees in 2022, 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 2022 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 2024, which closes on 4 September 2023.

## 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 8. These numbers are used in the remainder of this document to demonstrate how our annual priorities for 2022 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.*

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# 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 2022 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 2022)   | Intended benefits  | Example indicators of the benefits achieved   |
|----|---|---|--|---|
| 1. | <p>Review the Costs Lawyer Code of Conduct to ensure it aligns with:</p> <ul style="list-style-type: none"> <li>• our consumer outcomes framework;</li> <li>• our research into the competencies expected of a qualifying Costs Lawyer;</li> <li>• learnings from our risk deep-dive exercise carried out in 2021;</li> <li>• the better regulation principles, and in particular that it does not impose unnecessarily broad regulatory burdens;</li> <li>• recent updates to our other regulatory arrangements;</li> <li>• evidence of good practice across the wider professional services sectors.</li> </ul> | <p><b>Achieved (Q4)</b></p> <p><i>This review was carried out in Q4, working with Hook Tangaza. A report detailing proposed changes to the Code was put to the board at the end of Q4. Following board approval, a consultation is currently being carried.</i></p> | <p><b>Strategic objectives:</b><br/>B, D</p> <p><b>Regulatory objectives:</b><br/>1, 4, 6, 8</p> | <ul style="list-style-type: none"> <li>• The timing of the review allowed us to implement learnings and recommendations from our wider research work, improving standards in a way that will have a real practical impact for consumers and those accessing the justice system.</li> <li>• This work completed a wider project to review all the CLSB’s regulatory arrangements within three years, meaning that all our rules, guidance and policy statements are relevant and up-to-date for practitioners and the public.</li> </ul> |
| 2. | <p>Implement changes to the Training Rules and other regulatory arrangements relating to education – informed by evidence from our competencies project in 2021 – to</p>  | <p><b>Achieved (Q4)</b></p> <p><i>The board considered the first draft of the new Accredited Study Provider Handbook in January. A final draft, incorporating assessment outcomes and a series of new</i></p>   | <p><b>Strategic objectives:</b><br/>B, E</p>   | <ul style="list-style-type: none"> <li>• The new regulatory framework modernises the way that Costs Lawyers qualify, making the profession more attractive and</li> </ul>   |

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|    | modernise the requirements for becoming a Costs Lawyer and facilitate a wider range of flexible pathways to qualification.  | <i>annexes, was put to the board in July along with proposed new Training Rules. Consultation materials were then developed and a public consultation was run from August to October. A rule change application was made to the Legal Services Board in Q4, completing this priority. We are now working closely with the training provider in relation to implementation.</i> | <b>Regulatory objectives:</b><br>3, 4, 5, 6, 8                                | <p>accessible to a diverse range of trainees.</p> <ul style="list-style-type: none"> <li>• Training providers now have the flexibility to design course programmes that are competitive and aligned to students’ needs, focusing on the specific knowledge and skills that make Costs Lawyers unique in the legal market.</li> <li>• The new Accredited Study Provider Scheme Handbook ensures that students receive high-quality, consistent training, and that new qualifiers are competent to enter the profession.</li> </ul> |
| 3. | Using our new supervision framework, evaluate the extent to which our revised approach to Continuing Professional Development (CPD) has been understood and adopted by Costs Lawyers, and develop communications to address any areas of difficulty or other themes identified. | <b>Achieved (Q1)</b><br><i>An audit of CPD for the 2021 practising year – being the first year in which the new CPD Rules were in force – was carried out in Q1. A report of the findings, as well as actions taken to provide feedback to the regulated community and further embed the approach, was presented to the board at its May meeting.</i>                          | <b>Strategic objectives:</b><br>B, E<br><b>Regulatory objectives:</b><br>6, 8 | <ul style="list-style-type: none"> <li>• The audit allowed us to identify areas where Costs Lawyers need support with their CPD activities and put in place additional materials and practical assistance to address this.</li> <li>• Examples of best practice emerged from practitioners’ CPD records which we were able to share with the profession through our ‘lessons learned’ initiative.</li> </ul>  |

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| 4. | Evaluate the success of our new Disciplinary Rules and Procedures two years after implementation. | <p><b>Achieved (Q2)</b></p> <p><i>A review of our experience in applying the new DR&amp;P was carried out in Q1 and several recommended adjustments were identified, mainly to clarify the relationship between complaints to the CLSB and complaints to the Legal Ombudsman. A report setting out these recommendations was considered by the board in July. Consultation and a rule change application to the LSB followed in H2 by way of implementation. The review also identified a need for a documented, step-by-step triage process, which was approved by the board in May.</i></p> | <p><b>Strategic objectives:</b><br/>B</p> <p><b>Regulatory objectives:</b><br/>1, 4, 6, 8</p> | <ul style="list-style-type: none"> <li>• The evaluation identified areas where further improvements could be made to streamline our processes for the benefit of Costs Lawyers and complainants.</li> <li>• Working closely with the Legal Ombudsman, we were able to align the timing for implementation with changes to the Ombudsman’s own scheme rules, reducing the regulatory burden on practitioners in amending their complaint procedures.</li> </ul> |
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## Protecting the interests of consumers and promoting professional standards

|    | Initiative   | Progress status  | Intended benefits  | Example indicators of the benefits achieved   |
|----|--|--|--|---|
| 5. | Update our <a href="#">Consumer Engagement Strategy</a> to capture learnings from the first year, and deliver the updated priority activities for the second year. | <p><b>Achieved (Q2)</b></p> <p><i>Our Consumer Engagement Strategy was updated for year 2, reflecting learnings from year 1 and bringing it into line with our policy statement on consumer outcomes. A report on delivery of the year 2 activities was put to the board in July, along with recommendations for our approach to the third and final year of the strategy.</i></p> | <p><b>Strategic objectives:</b><br/>C</p> <p><b>Regulatory objectives:</b><br/>4</p> | <ul style="list-style-type: none"> <li>• We were able to link our activities under the Consumer Engagement Strategy with our <a href="#">innovation project</a> funded by the Regulators’ Pioneer Fund (RPF), to leverage the funding resource and draw connections across our different work areas.</li> </ul> |

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| 6. | <p>Embed a culture of considering consumer outcomes in all of our regulatory work, seeking evidence of effectiveness where possible.</p> <p>In line with this culture:</p> <ul style="list-style-type: none"> <li>gather evidence of whether and how consumer outcomes differ when clients use regulated advisers and unregulated advisers, so we can better assess the risks to consumers of under- or over-regulation in the market for costs law services;</li> <li>based on evidence, evaluate how far we can tackle any issues raised in the areas of price; innovation; access; privacy; and fairness.</li> </ul> | <p><b>Achieved (Q3)</b></p> <p><i>A large part of this priority was delivered through our <a href="#">project</a> “How could Costs Lawyers reduce the costs of legal services?”, with funding from the Regulators’ Pioneer Fund (RPF). In this work we explored the differences between regulated and unregulated advisers, and the impacts of under and over regulation. The research phase of the project concluded in March and the project report was published in June. We curated a session at the July board meeting to cover taking forward recommendations around price, innovation and fairness. Access and privacy were covered separately (see below). While this priority is marked as “achieved”, it relates to a cultural shift that we will continue to nurture generally into the future.</i></p> | <p><b>Strategic objectives:</b><br/>A, B, C, D, E</p> <p><b>Regulatory objectives:</b><br/>4, 5, 6</p> | <ul style="list-style-type: none"> <li>Following our RPF funded work, we now have a much better idea about the type of work Costs Lawyers do, what kinds of clients they serve, and what our regulatory priorities should be.</li> <li>Recommendations from this work have been far-reaching and allowed us to develop projects in 2023 that are targeted to specific challenges identified in the market.</li> </ul> |
| 7. | <p>Carry out a research project to better understand the pricing structures used by Costs Lawyers and to benchmark prices for different types of costs services.</p>  | <p><b>Deprioritised (Q2)</b></p> <p><i>We changed our expectations of the work we should do in this area, in light of findings from our RPF funded project in relation to the nature of Costs Lawyers’ clients.</i></p>  | <p><b>Strategic objectives:</b><br/>B, C</p> <p><b>Regulatory objectives:</b><br/>4, 5</p>             | <p>Not applicable</p>   |
| 8. | <p>Investigate consumers’ expectations in relation to privacy – including by reference to learnings from existing research in related markets – and assess whether there is any evidence that expectations are not being met.</p>   | <p><b>Achieved (Q2)</b></p> <p><i>We completed an evaluation of privacy and commercial clients of Cost Lawyers, and set out a plan to reinforce the importance of considering privacy and cyber security in the context of B2B relationships.</i></p>  | <p><b>Strategic objectives:</b><br/>A, B, C, D, E</p> <p><b>Regulatory objectives:</b><br/>4, 6</p>    | <ul style="list-style-type: none"> <li>Understanding the client profile of Costs Lawyers through our RPF funded work helped us target commercial clients, allowing us to collaborate with organisations like the NCSC to disseminate relevant information.</li> </ul>   |

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| 9.  | <p>Deliver the next phase of our diversity and inclusion work program in the three broad areas identified in our 2021 comparative report, namely:</p> <ul style="list-style-type: none"> <li>• further improving our data collection;</li> <li>• enhancing engagement with our regulated community;</li> <li>• assessing the likely effectiveness of potential regulatory interventions to improve diversity and inclusion.</li> </ul> | <p><b>Achieved (Q3)</b></p> <p><i>We analysed the results of our 2021 survey on pay and earnings, comparing female and male Costs Lawyers, and a report on the outcomes was put to the board in July. We commissioned an agency to check the conclusions drawn from the data prior to publication. We will take forward this work next year by engaging with our regulated community to explore the reasons for a (apparently) substantial pay gap between men and women, and differences by region. We developed a new survey on social mobility that was distributed with PC applications in November, giving us additional data to consider in 2023.</i></p> | <p><b>Strategic objectives:</b><br/>A, B, E</p> <p><b>Regulatory objectives:</b><br/>6</p>    | <ul style="list-style-type: none"> <li>• Having robust data on specific diversity issues has allowed us to target our initiatives in areas that are particularly relevant to Costs Lawyers, such as our recent event: Driving Social Mobility in Costs.</li> <li>• Learning from others by analysing what has worked in other markets, and drawing analogies to our own regulated community, has allowed us to target our resources at initiatives most likely to have a positive impact.</li> </ul> |
| 10. | <p>Deliver a project to benchmark the level of innovation in the profession and to explore any regulatory or statutory arrangements that might hinder or assist innovation in the market for Costs Lawyers' services.</p>  | <p><b>Achieved (Q1)</b></p> <p><i>This priority was delivered through our project "How could Costs Lawyers reduce the costs of legal services?", with funding from the Regulators' Pioneer Fund (RPF). The research phase of the project concluded in March and the final project report was published in June.</i></p>   | <p><b>Strategic objectives:</b><br/>B, E</p> <p><b>Regulatory objectives:</b><br/>4, 5, 6</p> | <ul style="list-style-type: none"> <li>• Our RPF funded work has given us a broad and deep evidence base that we can draw on across all our regulatory interventions now and in the future.</li> <li>• We have been able to make changes to the Costs Lawyer Code of Conduct (see priority 1) to promote innovation and competition based on recommendations from the project.</li> </ul>  |
| 11. | <p>Engage with the other legal services regulators to identify and act on</p>  | <p><b>Achieved (Q4)</b></p> <p><i>We identified a number of areas for collaboration during the year and joined</i></p>  | <p><b>Strategic objectives:</b><br/>A</p>   | <ul style="list-style-type: none"> <li>• Examples of successful collaborations include work on public legal education, a joint</li> </ul>  |

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|  | <p>opportunities for collaboration that have the potential to deliver:</p> <ul style="list-style-type: none"> <li>• material cost savings;</li> <li>• new evidence or learnings that we could not access on our own; and/or</li> <li>• unique benefits from taking a whole-sector approach.</li> </ul> | <p><i>several cross-sector initiatives. This continued to be a priority throughout the year as we identified and acted on new opportunities, hence completion in Q4 / at year end.</i></p> | <p><b>Regulatory objectives:</b><br/>Facilitates all</p> | <p>statement on counter-inclusive behaviours, and government sanctions compliance. These promoted consistency in regulation across the legal sector and made the best use of our limited resources.</p> |
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## Modernising our organisation

|     | Initiative   | Progress status   | Intended benefits   | Example indicators of the benefits achieved  |
|-----|--|---|---|--|
| 12. | <p>Begin to consider a vision for our organisation beyond the current <u>mid-term strategy</u> that ends in 2023, focused around a board strategy day informed by the views of stakeholders.</p> | <p><b>Achieved (Q3)</b><br/><i>The strategy session envisaged under this priority was held alongside the board's July meeting. The board met in person to facilitate open discussion. The session drew on learnings about the market from our RPF funded project – which captured the views of a wide range of stakeholders – and generated suggestions for areas of strategic focus over the coming years.</i></p> | <p><b>Strategic objectives:</b><br/>Facilitates all<br/><b>Regulatory objectives:</b><br/>Facilitates all</p> | <ul style="list-style-type: none"> <li>• Measuring success against a mid-term strategy allows us to demonstrate the benefits of regulation and achieve sustainable positive outcomes tailored to the regulatory objectives.</li> <li>• The timing of this work allowed us to capture and act on the findings of our RPF funded project ensuring our future direction is evidence based and meets the needs of stakeholders.</li> </ul> |

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| 13. | Review our methodology for measuring, recording, monitoring and responding to risk in light of changes to our regulatory approach and organisational culture since our existing methodology was introduced.  | <p><b>Achieved (Q4)</b></p> <p><i>This review was carried out in Q4, working with Hook Tangaza. A report detailing a proposed new risk framework for the CLSB was put to the board for consideration and a new risk register, based on the review, has been developed in 2023.</i></p>  | <p><b>Strategic objectives:</b><br/>D</p> <p><b>Regulatory objectives:</b><br/>Facilitates all</p>               | <ul style="list-style-type: none"> <li>• The review encouraged us to think about risk more broadly to implement a framework that is less operational and more strategic in nature, better allowing the profession’s risk profile to inform our mid-term goals and regulatory approach.</li> </ul>  |
| 14. | Test the measures in our Business Continuity and Disaster Recovery Plan to ensure they remain fit for purpose following changes to our organisational design.  | <p><b>Achieved (Q2)</b></p> <p><i>Testing was carried out in Q2 by running through hypothetical test scenarios with key staff. Updates and adjustments were made to the Plan based on the outcomes of the test, as well as to systems that support it. A new version of the Plan has been distributed to holders.</i></p>   | <p><b>Strategic objectives:</b><br/>D</p> <p><b>Regulatory objectives:</b><br/>Facilitates all</p>               | <ul style="list-style-type: none"> <li>• Given the size of our organisation and the nature of our responsibilities, it is critical that we can respond nimbly to disasters and unexpected events. This test highlighted practical improvements that will allow us to respond immediately in a real-world scenario.</li> </ul>  |
| 15. | <p>Deliver the next phase of our digital workplan, including:</p> <ul style="list-style-type: none"> <li>• automating the analysis of routinely captured data;</li> <li>• building add-on functionality for the Costs Lawyer database, such as bespoke report generation.</li> </ul> | <p><b>Achieved (Q1)</b></p> <p><i>In Q1 we added functionality to the database to:</i></p> <ul style="list-style-type: none"> <li>• <i>record complaints procedure audit outcomes</i></li> <li>• <i>track all contacts with individual Costs Lawyers</i></li> <li>• <i>auto-fill address fields to save admin time</i></li> </ul> <p><i>We decided that adding a bespoke reports option was not cost effective. We also made the following upgrades to the PC renewal application form:</i></p> | <p><b>Strategic objectives:</b><br/>Facilitates all</p> <p><b>Regulatory objectives:</b><br/>Facilitates all</p> | <ul style="list-style-type: none"> <li>• Improvements to our automated systems have improved efficiency and reduced the risk of human error in recording and reporting data.</li> <li>• Back-end improvements meant that we were quickly and easily able to analyse the data captured in the annual Regulatory Return and for reporting on performance indicators, without needing external support as anticipated.</li> </ul> |

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|     |  | <ul style="list-style-type: none"> <li>• <i>automatic calculation of fee remission</i></li> <li>• <i>provision of invoices rather than Fee Notes to facilitate bulk payments in large firms</i></li> <li>• <i>changes to make the form easier to follow, and more user friendly, in line with user feedback</i></li> </ul>                  |  |  |
| 16. | Review and modernise our internal staff policies to ensure they are fair, relevant and reflect our current ways of working.      | <p><b>Achieved (Q3)</b></p> <p><i>We tendered for bids from HR consultancies for this work and appointed an agency in September. We worked with them to review and update our existing internal policies, taking advice on good practice standards. A proposed new, consolidated staff policy was approved by the board in October.</i></p> | <p><b>Strategic objectives:</b><br/>E</p> <p><b>Regulatory objectives:</b><br/>Facilitates all</p>               | <ul style="list-style-type: none"> <li>• The review has removed risks to the CLSB from outdated and inconsistent internal policies, safeguarding practising fee income for future years.</li> </ul>          |
| 17. | Consider whether additional or different advisory appointments are necessary to fill any skill gaps at board or executive level. | <p><b>Achieved (Q1)</b></p> <p><i>We incorporated this work into our wider governance review which was carried out in H2 2021. The recommendations from the governance review were implemented in Q1, following board approval in February 2022, and the Remuneration Committee held its inaugural meeting in June.</i></p>                 | <p><b>Strategic objectives:</b><br/>Facilitates all</p> <p><b>Regulatory objectives:</b><br/>Facilitates all</p> | <ul style="list-style-type: none"> <li>• Improvements to our governance processes mean we now have the framework in place to bring in specialist advisory expertise on short notice where needed.</li> </ul> |