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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 2023, 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 2023 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 2025, which closes on 2 September 2024.

## 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 9. These numbers are used in the remainder of this document to demonstrate how our annual priorities for 2023 promoted 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.*
9. *Promoting the prevention and detection of economic crime.*

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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](#) that applied during the 2023 practising year. 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 2023 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

	Initiative	Status (by end of 2023)	Intended benefits	Example indicators of the benefits achieved
1.	Work with internal and external stakeholders to develop a new mid-term strategy for the CLSB, building on the learnings and successes from our first strategy covering the period 2020 to 2023.	<b>Achieved (Q3)</b> <i>A strategy session was held with the board on 27 June, following which a draft mid-term strategy was developed for consultation alongside the 2024 practising fee, business plan and budget. Feedback on the proposed strategy was also sought from the CLSB's Advisory Panel. The strategy was finalised and published in September and the board was presented with the Advisory Panel's feedback in October.</i>	<b>Strategic objectives:</b> Supports all <b>Regulatory objectives:</b> Supports all	<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>Strategic input from stakeholders ensures our annual and mid-term planning is tailored to external expectations and needs.</li> </ul>
2.	Deliver the priority activities for the final year of our <a href="#">Consumer Engagement Strategy</a> , and consider what successor initiatives should be put in place going forward.	<b>Achieved (Q2)</b> <i>Terms of reference and membership for a potential user panel were scoped in Q1, and it was found that members' experiences and needs were likely too disparate to make contributing through a single panel feasible. This scoping work supported a decision to focus on identifying individual business clients that could feed into our specific projects under priorities 5, 7 and 9 below, which would form successor initiatives.</i>	<b>Strategic objectives:</b> B, C <b>Regulatory objectives:</b> 1, 3, 4, 7	<ul style="list-style-type: none"> <li>Investigating the viability of a user panel gave us insights into the nature and needs of Costs Lawyers' commercial clients.</li> <li>Having a range of client contacts allows us to quickly obtain evidence or feedback for future initiatives.</li> </ul>
3.	Develop a programme of work to promote the outcomes in the Legal Services Board's policy statement on empowering consumers in a way that	<b>Achieved (Q4)</b> <i>A work plan was developed to ensure compliance with the policy statement, which was approved by the board and socialised</i>	<b>Strategic objectives:</b> A, B, C	<ul style="list-style-type: none"> <li>Early engagement with stakeholders allowed us to agree a targeted approach for those Costs Lawyers providing or</li> </ul>

	takes into account the unique nature of the market for costs services.	<i>with the Legal Services Board and Legal Services Consumer Panel. The first stage of the plan allowed identification of those Costs Lawyers offering B2C services. A new B2C regulatory framework was then developed during Q3 for the practitioners identified through the segmentation exercise and was approved by the board in October. The B2C regulatory framework was finalised and published in Q4, and embedded in the 2024 practising certificate application form.</i>	<b>Regulatory objectives:</b> 1, 3, 4, 5	marketing services to consumers, ensuring we do not place a disproportionate burden on the wider regulated community. <ul style="list-style-type: none"> <li>Our segmentation exercise and new framework have given us a ready-made place to house new resources that are relevant only to Costs Lawyers providing B2C services, ensuring we can target the right audience efficiently.</li> </ul>
4.	Using our new regulatory framework for the Costs Lawyer Qualification, work with ACL Training to accredit a new course that meets the standards for delivery and competency assurance set by the CLSB.	<b>Achieved (Q2)</b> <i>New Training Rules were approved by the Legal Services Board in February and the new regulatory framework was then finalised and published. An Accreditation Panel was convened, including an independent member to lead on the accreditation process, and that process was carried out during H1 with a Panel visit taking place on 26 April. The Panel made its decision on accreditation in June and the outcome was reported to the board at its June meeting.</i>	<b>Strategic objectives:</b> B, E <b>Regulatory objectives:</b> 1, 4, 6, 8	<ul style="list-style-type: none"> <li>The stringent new accreditation process provides assurance to stakeholders that the training provider meets our standards, as assessed by an independent panel against clear, objective and fair criteria.</li> <li>Following the processes in the new Accredited Study Provider Scheme Handbook helps ensure that students receive high-quality, consistent training, and that new qualifiers are competent to enter the profession.</li> </ul>
5.	Deliver a programme of work aimed at harnessing the unique insights that Costs Lawyers can bring, to stimulate discussion across all the legal	<b>Planning stage complete (Q4)</b> <i>This priority was incorporated into the larger project described below at 9.</i>	<b>Strategic objectives:</b> A, B, E <b>Regulatory objectives:</b>	<ul style="list-style-type: none"> <li>Not applicable</li> </ul>

	regulators about how legal costs can be better controlled.		3, 4, 5, 6	
6.	Investigate the risks and benefits of entity regulation amongst costs firms, including whether there is a cost effective version of entity regulation that may be practical for the CLSB to implement.	<p><b>Achieved (Q3)</b></p> <p><i>The board held its first strategy discussion around entity regulation in March, based on an options paper prepared by the executive. Scoping work was undertaken during Q2 at the board's direction and the results of that work were presented to the board in June. The board decided not to pursue entity regulation further, for reasons recorded in the June board minutes, but outcomes from the scoping work informed a number of other workstreams including new priorities in the 2024 business plan.</i></p>	<p><b>Strategic objectives:</b> D, E</p> <p><b>Regulatory objectives:</b> 1, 4, 5, 6</p>	<ul style="list-style-type: none"> <li>• While the board ultimately decided not to pursue entity regulation, this project allowed us to clearly identify the potential benefits of entity regulation and seek other ways to promote those benefits without the costs.</li> <li>• Undertaking a thorough analysis enabled us to provide an evidenced and risk-based account of why entity regulation is not feasible at this point in the history of the profession.</li> </ul>
7.	Explore ways of encouraging competition in the market for legal services and promoting the interests of consumers through considering: <ul style="list-style-type: none"> <li>• how the CLSB's branding is used by the sector;</li> <li>• how our competency frameworks can ensure the profession provides the best value to end users; and</li> <li>• how our overall framework of regulation could best support the positive role that Costs Lawyers can play.</li> </ul>	<p><b>Achieved (Q4)</b></p> <p><i>The first bullet point was considered in developing stage 1 of a new communications strategy, which was put to the board at the end of the year. The second bullet point was delivered through the development of the new Ongoing Competency Framework (see further priority 10). The third bullet point is captured in the wider project under priority 9.</i></p>	<p><b>Strategic objectives:</b> C, D, E</p> <p><b>Regulatory objectives:</b> 4, 5</p>	<ul style="list-style-type: none"> <li>• Using the new Ongoing Competency Framework to encourage value-added services helped us think about professional pathways for Costs Lawyers, sparking other projects such as championing new legislation to make Costs Lawyers eligible for judicial appointments.</li> <li>• Examining how our branding is used (including by us) shaped the purpose statement for our upcoming communications strategy project.</li> </ul>

8.	Consider whether and how to implement measures to more strongly distinguish between the interests of intermediaries (professionals who instruct Costs Lawyers on a client's behalf) and the interests of the Costs Lawyer's ultimate client in our regulatory arrangements.	<p><b>Achieved (Q3)</b></p> <p><i>Ways to achieve this priority were identified as part of improving the Costs Lawyer Code of Conduct. Changes to the Code were approved by the board at its January meeting and a consultation was then issued, closing in mid-July. A rule change application was made to the Legal Services Board in Q4. The outcome of the rule change application was pending at the end of the year (approval was received in early 2024 and implementation followed).</i></p>	<p><b>Strategic objectives:</b> C, E</p> <p><b>Regulatory objectives:</b> 4, 6, 8</p>	<ul style="list-style-type: none"> <li>• Clear delineation between the interests of professional and ultimate clients bolsters Costs Lawyers' independence and begins to challenge structural conflicts in the market.</li> <li>• Clearer provisions in the Code of Conduct allow Costs Lawyers to use their obligations to their ultimate client as a "sword" as well as a "shield" when dealing with poor practice by instructing intermediaries.</li> </ul>
9.	Design a project that looks at how the regulation of Costs Lawyers should evolve into the future, taking into account how the profile of our regulated community may change.	<p><b>Achieved (Q4)</b></p> <p><i>A phased project was developed to meet this brief, for delivery alongside the business plans for 2024 and 2025. The project plan was approved by the board at its Q4 meeting.</i></p>	<p><b>Strategic objectives:</b> Supports all</p> <p><b>Regulatory objectives:</b> Supports all</p>	<ul style="list-style-type: none"> <li>• This project allowed us to combine various evidence sets, recommendations and ideas into a cohesive plan addressing how our regulatory model should evolve in the medium term.</li> </ul>
10.	Develop a programme of work to align the CLSB's approach to ensuring continued competency with the Legal Services Board's policy statement on ongoing competence.	<p><b>Achieved (Q4)</b></p> <p><i>A work plan was developed to ensure compliance with the policy statement, which was approved by the board and socialised with the Legal Services Board. Amendments to the CLSB's own policy statement on enforcement and sanctions were considered by the board in June. Following the board's feedback, further material was added to the statement before publication in September. A proposed framework for extending the</i></p>	<p><b>Strategic objectives:</b> B, D, E</p> <p><b>Regulatory objectives:</b> 4, 6, 8</p>	<ul style="list-style-type: none"> <li>• The Ongoing Competency Framework will provide guidance to Costs Lawyers around the additional training needed at various career touchpoints, ensuring they have the skills needed to meet market expectations.</li> <li>• Convening a working party to validate the Ongoing Competency Framework allowed</li> </ul>

		<i>Competency Statement, as envisaged in the work plan, was considered by the board in June and by a working party of Costs Lawyers in November. The new Ongoing Competency Framework was finalised in Q4 and implemented in early 2024.</i>		us to align regulatory expectations with the needs of employers, junior lawyers and clients.
11.	Continue to improve our diversity data collection and, specifically for this year, look at how working cultures and professional environments for Costs Lawyers impact on good equality, diversity and inclusion (EDI) outcomes.	<p><b>Achieved (Q4)</b></p> <p><i>The board considered a report on the CLSB’s most recent diversity data in March and comprehensive reports looking at the gender pay gap and social mobility in the profession were published. Follow-up work in both areas was then planned and a successful event to coincide with Social Mobility Awareness Day was held in June. Implementation of targeted initiatives to act on the data collected will continue over the coming years. In Q4 the three-year full diversity survey of the profession was successfully completed.</i></p>	<p><b>Strategic objectives:</b> A, B, E</p> <p><b>Regulatory objectives:</b> 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 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>
12.	<p>Deliver the next phase of our digital workplan, including by:</p> <ul style="list-style-type: none"> <li>• improving the visibility of supervision issues in the database;</li> <li>• creating a single repository for complaints data in the database;</li> <li>• adding action prompts to functionality;</li> </ul>	<p><b>Achieved (Q3)</b></p> <p><i>The second item (single complaints repository in database) was completed in Q1. The first and third items (improving visibility and adding action prompts) were completed in Q2. The fourth item (revising the application forms and adding database functionality) was completed in Q3. The final item (capturing missing aspects of the regulatory history of individuals in the database) was also completed in Q3 and a report on the project was discussed by the board in October. All</i></p>	<p><b>Strategic objectives:</b> E</p> <p><b>Regulatory objectives:</b> Supports 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 and following up on outstanding actions.</li> <li>• Improving visibility of supervision issues ensures that trends in poor practice for an individual or firm are proactively identified and addressed.</li> </ul>

	<ul style="list-style-type: none"> <li>revising application forms and adding database functionality resulting from enhancements to the Register of Costs Lawyers made in 2022;</li> <li>capturing regulatory history of individual Costs Lawyers in the database to consolidate and safeguard all available information.</li> </ul>	<p><i>aspects of the digital workplan were successfully completed prior to launch of the practising certificate renewal e-forms in November, as planned.</i></p>		
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