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By email only

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Dear Matthew

Response to LSB consultation on draft strategy and business plan

Thank you for the opportunity to respond to the LSB's draft strategy and business plan.

Q1 – Do you have any comments on the three strategic themes that we have identified?

Q2 – Do you have any comments on the nine challenges that we have identified for the sector?

There are valuable objectives set out in the themes and challenges identified in the draft strategy. We are concerned, however, that the LSB appears to be seeking to apply a single strategy across the entirety of the legal services market(s) (which the LSB refers to as "the sector").

IPReg considers that it is essential that the LSB recognises that the legal regulators regulate very different sectors/markets/activities. This means that consumer risk, and the consequent challenges that regulators face, vary significantly across "the sector". The LSB's proposed approach is not targeted at those sectors/markets/activities where consumer risk is greatest. We believe it would therefore be helpful if the LSB developed a more bespoke approach to its strategy which recognised the enormous differences across the regulated legal services market(s).

Q3 – How can you/ your organisation contribute to overcoming the sector-wide challenges we have identified?

IPReg has published its own strategy which underpins all its activities; it also has its own business plan. Where the challenges that the LSB has identified arise in the market(s) that IPReg regulates, we will naturally wish to find the most effective approach to overcoming them, including careful consideration of the LSB's proposals.

Q4– Do you have any comments on the suggested areas of priority for the sector 2021-24?

Our view is as set out above – i.e. it is better to identify the main areas of risk to consumers in the different market(s) that are regulated and for the LSB to develop a proportionate and targeted approach in those market(s). We hope that the LSB could consider greater clarity about which market(s) each specific element of its strategy/business plan is relevant to.

Q5 – Do you agree with our proposal to pursue these workstreams? Is there anything missing that you think we should focus on in 2021-22?

It is difficult to answer this question in the absence of any assessment of which of these workstreams are relevant to the market(s) that IPReg regulates.

Q6 – Do you see any areas of joint working between the LSB and you/ your organisation?

We have already indicated to the LSB that we would wish to work with it on the research into small businesses. Following an initial discussion, we await further detail from the LSB on the scope of the research and the timescale and cost of this work.

IPReg is an active member of Law Tech UK's Regulatory Response Unit (RRU) and we look forward to working with the other members of the RRU and participants in the regulatory sandbox.

Q7 – Do you agree with our proposals that we should not undertake a statutory review of reserved legal activities in 2021-22?

The LSB stated at its Roundtable on 27 January that this work would cost an additional £0.5m on top of the proposed 4.4% increase in budget. We do not consider that this could possibly be justified. The proposed alternative of "mapping what is happening in the unregulated sector and considering the implications of technological change for the scope of regulation" is not set out in any detail in the consultation. In any event, we wonder whether there is any merit in doing further work on the issue of reserved legal activities given the fact that the government is unlikely to consider any changes in the near future.

Q8 – Do you have any comments on our proposed market intelligence work? Is there anything missing that you think we should focus on?

We welcome the small business legal needs survey and hope that it can include consideration of the extent to which small businesses need IP legal advice.

We feel it would be helpful if there could be greater clarity on what the research relating to the CMA's progress review actually entails, and on what research into "data trusts" is.

We hope that in future consultations, the LSB could provide more detail about its proposed business plan and set out how much different elements of it cost.

Q9 – Do you have any comments on our proposed budget for 2021/22?

We do not consider that the LSB can justify any increase its budget, particularly in the current economic downturn caused by the pandemic. The LSB has not provided any detail about why a 4.4% increase in the budget is needed, in particular what work would have to be postponed if the budget were held level or reduced and the impact of postponing that work. It does not seem likely to us that there would be any significant detrimental impact if the LSB identified priorities that could be done on its current budget and set longer timescales for non-priority issues.

The LSB does not appear to have taken into account the additional impact of an increase in the OLC levy (proposed to be ~19%). Nor does it appear to have considered the impact of a possible significant reduction in the number of authorised persons as a result of the pandemic – and the consequent increase in the LSB levy for those that remain in the regulated sector.

In order to improve transparency, we would ask that in future consultations on its business plan, the LSB could consider setting out clearly where the budget is being spent and how much is allocated to each workstream.

Q10 – Do you have any comments regarding equality issues which, in your view/experience, may arise from our proposed business plan for 2021/22? Are there any wider equality issues and interventions that you want to make us aware of?

We do not have any comments on this.

Yours sincerely



Fran Gillon
Chief Executive