

‘Approaches to Quality’ – A Response from the City of London Law Society.

‘Approaches to Quality’ starts with the proposition that ‘the approach taken to quality will vary depending upon the nature of the service provided, the profile of the consumer, and the potential consequences of receiving a poor quality service’. It is quick to recognise that ‘some parts of the market, such as corporate and commercial firms, serve sophisticated repeat clients who have knowledge and resources to satisfy themselves about quality (and the means to deal with it if the quality is not to an appropriate standard)’. From this it draws attention to the clear contrast that ‘in many other areas of the market, the nature of the services being provided means that consumers have much lower levels of knowledge about legal services, leaving them less well placed to make judgements about quality’.

These extracts from the Foreword go a long way to scoping accurately the quality debate relevant to the CLLS’ members firms. Moreover we agree with the subsequent analysis in your paras 39 et seq, which suggests that quality has three dimensions of potential risk to the consumer: namely, technical competence, service competence (client care) and utility of advice (a service of quality). However, we believe that the inter-relationship of the three dimensions of quality goes beyond your model at Figure 2 on page 15.

These dimensions are not mutually exclusive. The first two – technical competence and client care – are essentially input dimensions, whereas the ‘service of quality’ is an output dimension. Put simply, technical competence plus client care equals ‘service of quality’. Hence the CLLS believes that it is the City firms’ massive investment in technical competence and client care that delivers a profitable ‘service of quality’ to the global marketplace.

As in most matters of analysis, outputs are considerably harder to measure accurately than inputs, and inevitably one searches for suitable qualitative and/or quantitative proxies for outputs. In this case, the Charles Rivers Associates (CRA) study (your footnote 10) identified two possible proxies for output quality: first, the significance of repeat clients; and second, the importance of reputation. Correctly, the CRA study eschewed the simpler proxies, such as the length of a legal case or the time between opening and closing a file, as unlikely to be representative of ‘service of quality’.

We agree that the CRA study shows an understanding of the potential quality risks and, crucially, that the risks can be managed. You cover the point well in your para 26, when you conclude that ‘the consumers of this sector, often corporate bodies with an in-house legal department, and who are repeat purchasers, have a greater capacity to use knowledge and buying power to make informed decisions and therefore the firms are likely to pose relatively fewer regulatory risks’. You are also

right, we believe, to note that personal clients using this sector are likely to be sophisticated consumers. Similarly, we agree with the distinction you draw in para 50 between the informed risk appetite of the sophisticated consumer, and the greater reliance of less empowered users on regulatory intervention.

In one area, we have a potentially serious concern. The paper acknowledges at page 40 the tri-regulatory Legal Education and Training Review (LETR), and suggests that the LETR needs to be informed by consideration of quality interventions. The CLLS has been working on the LETR for a year or more, and expects that any initial concerns you have about quality interventions have already been factored into the work of the LETR team. We understand that the next LETR discussion paper, due in late July after the SRA's Manchester symposium, will indicate a range of likely conclusions and recommendations. By then, it will surely be too late for the LSB to seek to factor in any new substantive concerns? This potential disconnect is unwelcome, given the need for the City firms to commit early to huge expenditure on the long pipeline for the education and training of the very best law and GDL graduates. This is not an abstract point: our balance of investment within the wide span of education and training will be seriously affected by any belated move to raise standards in one area, at the expense of standards elsewhere; e.g., entry standards and the place of professional ethics in the LLB/GDL course content, set against the content and periodicity of CPD. We note at para 40 that 'the LSB will ensure that this (Quality) debate and the (LETR) review are properly dove-tailed.' Which comes first: the dove or the egg?

In conclusion, the CLLS believes that the LSB has highlighted correctly the factors of technical competence and client care as the key determinants of a 'service of quality'. The CLLS supports the LSB's general proposition that regulatory interventions should be targeted at the needs of those lay personal consumers who are vulnerable for want of risk management skills and resources. The CLLS seeks reassurance that this consultation exercise can be properly reconciled with the LETR.

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