



Lexcel v5: A guide for in-house legal practices

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With a variety of practice types seeking and retaining accreditation, there are certain aspects of the standard where compliance can have different implications. This guide is designed to provide practical advice to in-house legal departments in relation to specific sections of the standard where the requirements for compliance may have a different effect.

If you have any questions about applying the Lexcel requirements to the circumstances of your practice, please contact the Lexcel office via:

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Benefits

There are a variety of benefits practices can experience by achieving Lexcel accreditation. For in-house practices, these advantages can extend to reducing mistakes and improving efficiency. These positive affects can be beneficial not only to the legal department but to the wider organisation they sit within, particularly if best practice principles are adopted.

Achieving Lexcel accreditation can promote practice excellence internally and externally. This can allow in-house practices to test the quality and cost effectiveness of the services they provide against private sector competition, thus providing evidence of their dedication to best practice.

Increasingly, in-house legal services are managing to prove themselves to be more efficient and cost effective than external legal services providers. Many in-house departments now operate within a commercial environment internally. The attainment of Lexcel can only serve to enhance this commercial edge.

Being independently assessed, Lexcel can also demonstrate to the client departments a commitment to delivering excellent client service. While there is flexibility to tailor standards to meet your practice's own needs, fulfilling Lexcel's requirements means these will be set against a nationally recognised standard.

Local authorities working to Best Value principles are constantly reviewing their policies, practices and procedures to improve their efficiency and cost effectiveness while maintaining high quality standards. Lexcel accreditation provides recognition of a practice's commitment to achieving, developing and maintaining best practice and service excellence.

Implementing Lexcel

There may be a number of policies, plans and procedures required for Lexcel which are managed by other departments within your organisation. When this is the case, you need to demonstrate how the policy, plan or procedure impacts on your department.

If you have any questions regarding your compliance with Lexcel v5, please contact the Lexcel office for free advice via email at: lexcel@lawsociety.org.uk



Requirements

The table below highlights requirements which will have a different impact on in-house legal practices in Lexcel v5:

1. Structures and Policies	
1.1 Practices will have documentation setting out: a: the legal framework under which they operate.	In-house documentation should set out the relationship of the legal department to the parent body and any colleague departments. This could be done by reference to organisation-wide documentation or charters, or any legislative provisions, public or private.
1.3 Practices will have a policy in relation to outsourced activities, which must include: a: details of all outsourced activities b: procedures to check the quality of outsourced work c: steps to ensure providers have taken appropriate precautions to ensure information will be protected. c: a list of all providers of services d: the person responsible for the policy e: a procedure for an annual review of the policy, to verify it is in effective operation across the practice	The Solicitors Regulation Authority (SRA) have not provided a definition of outsourcing. The SRA website offers a non-exhaustive list of examples of activities, which if outsourced would fall under Outcome 7.10: <ul style="list-style-type: none"> • activities which would normally be conducted by a paralegal • initial drafting of contracts • legal secretarial services - digital dictation to an outsourced secretarial service for word-processing or typing • proofreading • research • document review • Companies House filing • due diligence, for example in connection with the purchase of a company • IT functions which support the delivery of legal activities • business process outsourcing In-house practices need to consider outsourcing areas, including those above. Practices who do not outsource any activities will not need to produce a policy.
2. Strategic Plans	
2.1 Practices will develop and maintain a business plan which must include a: measurable objectives for the next 12 months	In-house practices will likely have in place a service plan or will refer the assessor to the corporate plans of the parent or umbrella organisation.
2.2 Practices will develop and maintain a marketing plan which must include a: measurable objectives for the next 12 months	In-house practices will likely have in place a service plan or will refer the assessor to the corporate plans of the parent or umbrella organisation.
3. Financial Management	
3.1 Practices will document responsibility for overall financial management.	Your in-house department may have its financial management dealt with by a colleague department. The person in your department responsible for the department's finances should be named.
3.2 Practices will be able to provide documentary evidence of their financial management procedure	The requirements in this section may not be applicable to your legal department as you will be bound by the umbrella organisation's financial management structure.
3.3 Practices will have a time recording process which enables the accurate measurement of time	Time-recording is mandatory if you bill your client departments for work done on a time basis. It is



spent on matters for billing purposes.	considered good practice to maintain time records even when the information is not used for billing as it provides useful management information.
4. Information management	
4.3 If the practice has a website, the practice must have a website management policy	It is likely that the website will be managed by your marketing department in terms of content. You may wish to have procedures for updating any content that relates to your department on your intranet
5. People Management	
5.3 Practices will have procedures to deal effectively with recruitment and selection, which must include: a: the identification of vacancies b: the drafting of the job documentation c: methods of attracting candidates and applicants d: selection methods used e: storage, retention and destruction of records f: references and ID checking g: checking fee earners' disciplinary record.	Recruitment may be dealt with by your human resource department. As it is a requirement to check the disciplinary records of prospective fee earners, this issue must not be overlooked.
5.7 Practices will have a performance management policy which includes: a: the practices approach to performance management b: performance review periods and timescales c: the person responsible for the policy d: a procedure for an annual review of the policy, to verify it is in effective operation across the practice	Performance management may be dealt with by your human resource department. If so, practices must demonstrate they support this, including review periods and timescales.
6. Supervision and Operational Risk Management	
6.1 Practices must designate one overall risk manager to be able to identify and deal with all risk issues which may arise. 6.3 Practices must have procedures to manage instructions which may be undertaken even though they have a higher risk profile, including unusual supervisory and reporting requirements or contingency planning. 6.4 Practices must maintain lists of work that the practice will and will not undertake, including any steps to be taken when work is declined on the grounds that it falls outside acceptable risk levels. This information must be communicated to all relevant staff and must be updated when changes occur. 6.6 Practices must document key dates, including: a: the definition of key dates by work type b: key dates recorded on the file and in a back-up system.	Different considerations need to be applied to in-house departments with regard to risk. Although in-house practices may not be able to decline instructions, they will still need to provide evidence that due consideration is given to all relevant potential risks, and the management of them. i.e. an important consideration might be the inherent costs associated in responding to investigations and enquiries, and the consequential damage to reputation which follows adverse publicity. Local authorities might consider risks associated with the procurement and purchasing of outside legal services, with particular regard to costs and the rules and regulations dictated by Best Value. In-house practices should note that Lexcel requires temporary staff to be included in the supervision process. Local authorities may want to note this change as they are historically a big employer of locum solicitors. All temporary staff will be included in assessment samples and will be subject to interview and/or file reviews



	<p>during assessment.</p> <p>In many governmental or local authority practices the parent body will not have insurance in place and will, in effect, self insure.</p>
7. Client Care	
<p>7.1 Practices will have a policy for client care</p> <p>7.2 Practices will communicate the following to clients in writing, unless an alternative form of communication is deemed more appropriate:</p> <p>a: establish the client's requirements and objectives</p> <p>b: provide a clear explanation of the issues involved and the options available to the client</p> <p>c: explain what the fee-earner will and will not do</p> <p>d: agree with the client the next steps to be taken</p> <p>e: keep the client informed of progress, as agreed</p> <p>f: establish in what timescale that matter will be dealt with</p> <p>g: establish the method of funding</p> <p>h: consider whether the intended action would be merited on a cost benefit analysis</p> <p>i: agree an appropriate level of service</p> <p>j: explain your responsibilities and the client's</p> <p>k: the client is given the name and status of the person dealing with their matter</p> <p>l: the client is given the name of person responsible for the overall supervision of their matter</p> <p>7.3 Practices must have a record of any standing terms of business with regular clients. The practice must be able to produce such terms in relation to issues covered by this section.</p> <p>7.4 Practices must give clients the best information possible about the likely overall cost of the matter, both at the outset and when appropriate, as the matter progresses, in particular practices must:</p> <p>a: advise the client of the basis of your charging</p> <p>b: advise the client if the charging rates are to be increased</p> <p>c: advise the client of likely payments which your practice or your client may need to make to others</p> <p>d: discuss with the client how they will pay</p> <p>e: advise the client that there are circumstances where you may be entitled to exercise a lien for unpaid costs</p> <p>f: advise the client of their potential liability for any other party's costs.</p> <p>7.5 Practices will operate a written complaints</p>	<p>Clients must provide with key information and have their expectations managed. This may be dealt with via a service level agreement or on a case by case basis.</p>



handling procedure, including:

- a:** the definition of what the practice regards as a complaint
- b:** informing the client at the outset of the matter, that in the event of a problem they are entitled to complain
- c:** to whom the client can complain
- d:** providing the client with a copy of your practice's complaints procedure, if requested
- e:** once a complaint has been made, the person complaining is told in writing:
 - (i)** how the complaint will be handled; and
 - (ii)** in what time they will be given an initial and/or substantive response
- f:** recording and reporting centrally all complaints received from clients
- g:** identifying the cause of any problems of which the client has complained offering any appropriate redress, and correcting any unsatisfactory procedures
- h:** the person responsible for the procedure
- i:** a documented review of the procedures at least annually, to verify that they are in effective operation across the practice.