

How the Law Society will work to promote solicitors as independent and effectively self-regulated providers of legal services.

Adopted by the Council on 17 December 2003



The Law Society

# Corporate Plan | 2004-2006

**The Law Society will strive to guarantee:**

- **to the public** – access to high quality legal services
- **to solicitors** – vigorous promotion of their interests
- **and to society** – a leading voice on law reform

Fundamental to achieving this is the Law Society's commitment to playing a leading role in the elimination of discrimination, and the promotion of equality of opportunity and diversity in all its activities as a regulator, a representative body and an employer.



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## Introduction

Our Corporate Plan for 2004-2006 is being issued at a time of great change for the Law Society and the profession as a whole and at a time when the constitution which defines the environment in which it works is also being transformed. Sir David Clementi's review of how legal services are regulated in England and Wales will have profound implications for the development of the profession.

The Society, however, is not afraid of change. Even before the review was announced, we had embarked on a programme of reforms to modernise the way we regulate and represent the solicitors' profession.

Plans are well advanced to re-write the rules of professional conduct for solicitors and to re-examine the Society's governance model. We launched our new Consumer Complaints Service in April 2004 and are developing a new, modern training regime for would-be solicitors. We will also continue to encourage

the profession to adopt more flexible modes of practice for the benefit of consumers.

Underlying all this, the Society continues to be committed to equal access to justice for all, and the vigorous promotion of solicitors' interests. It is also committed to its role as a leading voice on law reform. We will shortly be consulting the profession to establish how best we can fulfil our role as a modern representative body for solicitors, and will continue to promote equality and diversity in all our own and the profession's activities.

The Council formally adopted the Corporate Plan for 2004-2006 on 17 December 2003. We welcome your feedback on it.



**Janet Paraskeva**  
Chief Executive

## The context

### Overview of the Plan

The Society's Corporate Plan 2004 – 2006 is set in the context of the Review of the Framework for the Regulation of Legal Services in England and Wales being conducted by Sir David Clementi. Sir David will submit his report to the Government in December 2004.

With a General Election expected sometime between spring 2005 and 2006 it is likely that the Government will formulate its policy arising from Sir David's recommendations before it commences its campaign for a third term in office.

But even if there were no review, the Society, acutely aware itself of the changing demands of the legal services market, has been engaged on a programme of profound change and modernisation of the way it regulates the solicitors' profession. This work will continue to be the major priority over the lifetime of this corporate plan.

### The regulatory challenges ahead

The Society faces the challenge of ensuring that the way solicitors practise meets the demands of modern consumers of legal services, whether they are international corporates or private individuals seeking to resolve a personal problem.

More flexible modes of practice are key to the vision of an efficiently functioning and competitive legal service market. This in turn will call for targeted and proportionate regulation that recognises the differing needs

of various customer groups. While there are common core principles underpinning the key guarantees of professionalism and ethical conduct offered by legal professionals, a one-size fits all approach to regulation can no longer deliver the best outcomes for a wide range of consumers.

Over the next two years, the Society will complete the work on rewriting the rules of professional conduct for solicitors. We hope to convince Sir David Clementi and the Government of the need for regulation to permit new forms of practice such as MDPs and to allow non-owner managed law firms. We will also have established a new, modern training regime for people who wish to qualify as solicitors.

The Society's consumer complaints service has been launched to resolve service complaints about solicitors quickly, fairly and effectively for the public. Simultaneously, the drive to a more proactive, risk-based approach to regulation will continue with some 1,300 monitoring visits planned for 2004.

A key challenge will be to respond to Sir David Clementi's review with a compelling vision for the modernisation of legal services that preserves a key role for solicitors and demonstrates the value of having professional involvement in regulation.

Allied to these issues will be a review of the Society's current governance model to examine whether it is fit for purpose as the Society moves forward.

## Representing the profession

As well as regulating effectively, a key role for the Society will be to provide the leadership and support to enable the profession to embrace change. To this end the Society will review its representation activities and explore the viability of establishing a self-supporting representation function.

A major review of the Society's representation function is underway, benchmarking best practice in other jurisdictions and in modern commercial membership organisations.

The pace of change facing solicitors is brisk. Over the life-time of this plan, the Society will stage a range of training programmes on major areas of change and deliver them through our network of regional offices.

Our new website, being launched in summer 2004, will continue to be developed so that it becomes the first point of call by both the public and solicitors for authoritative information about the provision of legal services.

Working for effective access to justice for all citizens will remain a major goal in 2004 – 2006 and the Society will seek a commitment from government and the Legal Services Commission to real improvements to legal aid that will restore an acceptable level of help to needy people.

As ever, we will continue to review legislative proposals in an effort to ensure that new law is workable and fair.

## Diversity

Underpinning all of this work will be our continuing commitment to promoting equality and diversity in all our activity and throughout the solicitors' profession. We will continue to develop our Diversity Access Scheme, which encourages people from disadvantaged backgrounds who would not otherwise think of a career as a solicitor. It offers a scholarship scheme, work placements and a mentoring programme. We will also adopt and enforce a new Anti-Discrimination rule for the solicitors' profession, and we will monitor this thoroughly, taking action where necessary.

## Objectives

### **A - Provide leadership and support to enable the profession to embrace change**

In order to achieve this we will:

1. Communicate a clear and compelling vision for the modernisation of legal services regulation
2. Ensure that our governance arrangements are fit for purpose
3. Examine the best way of fulfilling the role of representing a highly differentiated, but single, profession
4. Support and help all segments of the profession to adapt to change
5. Ensure that the decision-making process reflects and has regard to the concerns and interests of all the Society's diverse stakeholders

### **B - Improve the quality of services provided by solicitors to consumers by setting, maintaining and enforcing high standards of training, professional development and practice**

In order to achieve this we will:

1. Set standards that reflect consumers' requirements in a changing legal and regulatory environment
2. Promote standards of training, professional development and practice that will result in a high quality service to diverse consumers
3. Enforce standards within the profession

### **C - Deliver an effective consumer complaints service**

In order to achieve this we will:

1. Ensure maximum access to, and awareness of, the consumer complaints service for all consumers
2. Facilitate alternative methods for complaints finalisation
3. Improve the consumer focus of the service we provide to all our customers
4. Improve standards of communication with all our customers

### **D - Maximise the relevance and effectiveness of our services to the profession**

In order to achieve this we will:

1. Develop and deliver a range of services to enhance the standard and quality of the services solicitors provide to all sections of the public
2. Ensure that the services and products provided by the Society are targeted to meet solicitors' requirements
3. Increase employment opportunities for solicitors in new markets and remove barriers to practice
4. Ensure that our products and services are accessible to the whole profession

**E - Increase public confidence in the Law Society's regulation of solicitors and improve public perception of solicitors as providers of high quality legal services**

In order to achieve this we will:

1. Promote the Law Society's role in the regulation of the profession
2. Promote the work of solicitors in delivering high quality legal services
3. Enhance public confidence in the Law Society's management of complaints
4. Promote the profession as one whose members are required to treat clients in a fair, equal and non-discriminatory manner

**F - Increase our influence in the development of law and legal services policy in the public interest, aiming to maximise access to justice for all**

In order to achieve this we will:

1. Increase our influence in the development of legal practice and procedure, both domestically and internationally
2. Champion the cause of access to justice and due process for all
3. Work with the appropriate stakeholders to identify areas of work where we can add value
4. Increase our influence in the development of law
5. Strengthen our scrutiny of the equality and human rights implications of all proposed legislation, and government administrative decisions

## Trends in the solicitors' profession

### Highlights of the past 10 years

- The number of solicitors with practising certificates has grown by over 50% from 61,329 to 92,752
- The number of women with practising certificates has increased by 117% from 16,930 to 36,819
- The percentage of solicitors with practising certificates working outside of private practice has increased from 16.8% to 21.8%
- The percentage of practising certificate holders drawn from minority ethnic groups has increased from 3.1%\* to 8.9%\*

\* Covers practising certificate holders who choose to declare their ethnicity

Table 1: Key statistics at 31 July 2003

Solicitors on the Roll	116,110
Solicitors with practising certificates	92,752
Women solicitors with practising certificates	36,819
Ethnic minority solicitors with practising certificates	7,356*
Private practice firms (in England and Wales)	6,182
Solicitors working in private practice	75,275
Partners (inc. sole practitioners) in private practice	33,102
Women partners (inc. sole practitioners) in private practice	7,069
Ethnic minority partners (inc. sole practitioners) in private practice	1,748
Solicitors employed outside private practice	20,207
Newly-qualified solicitors admitted to the Roll	6,924
Trainee solicitors commencing contracts <sup>(1)</sup>	5,650

(1) The difference between the number of admissions and those commencing training contracts reflects the number of admissions via the QLTT route (transfers in from other legal professions and jurisdictions) which in 2003 amounted to 1,685 or 24.3% of all admissions. Those admitted by this route are exempted from the need to complete a training contract.

Table 2: Distribution of firms and solicitors 2002-2003

Partners	% of firms	% of solicitors
1	44.8	8.5
2-4	39.9	21.7
5-10	9.9	16.3
11-25	3.9	16.1
26 or more	1.6	37.3

## A snapshot of the profession 1973-2003

Since 1973, the total number of practising certificate holders has grown by 238.8% at an average annual rate of 4.2%. Comparable figures for those in private practice show a total growth over the period of 204.5% at an average annual rate of 3.8 %.

**Table 3: Solicitors holding practising certificates 1973-2003**

Year	Practising solicitors	% change	Solicitors in private practice	% change
1973	27,379	-	23,821	-
1983	42,984	57.0	36,340	52.6
1993	61,329	42.7	50,538	39.1
2003	92,752	51.2	72,545	43.5

Source: Law Society's REGIS database

## Employment of solicitors

The overwhelming majority (78.2%) of solicitors with practising certificates work in private practice - but this is changing. In the decade from 1993 to 2003 the number of employed solicitors grew from 10,312 to 20,207 - a 96.0% increase, whilst the number in private practice increased by only 43.5%.

The largest category of employment is commerce and industry at 7.1%, followed by local government, which employs 3.5% of practising certificate holders. (It should be noted that the number of solicitors working in the employed sector is likely to be greater

than these figures suggest. This is because many, as a consequence of their employed status, are not required to hold a practising certificate.) A further 7.3% of solicitors are not attached to any organisation: the majority of these are in the youngest age group, which suggests that they are the most recently qualified. Women account for a higher proportion of employees in the employed and other sectors than in private practice. In private practice 37.2% of solicitors are women, compared to 48.8 % in other sectors.

## Geographical distribution of solicitors to population

Table 4 shows the geographical distribution of the population of England and Wales, and compares this with the distribution of solicitors firms and principals in private practice. Over one quarter (27.0%) of the 9,198 firms in England and Wales were located in London as at 31 July 2003. Approaching one-half of all solicitors firms (42.1 %) are based in the SouthEast (including London). Firms in London employ around 40.0% of the 72,545 solicitors employed in private practice.

## Employment generated

Private practice firms provided employment for 194,823 individuals as at 31 July 2000, the most recent date for which data is available.

In 2003 private practice firms with 26 or more partners (1.6% of all firms) provided employment for over one third of all solicitors (37.3%). At the other end of the spectrum, sole practices accounted for 44.8% of all firms and provided employment for 8.5% of solicitors.

**Table 4: Location (Government Office Regions) of population, private practice firms, and solicitors in private practice in 2003**

Region	Population <sup>1</sup> 52.943 million %	Firms <sup>2</sup> 9,198 %	Solicitors <sup>3</sup> 72,545 %
Greater London	13.8	27.0	38.8
Rest of South East	15.4	15.1	11.0
South West	9.5	8.2	7.9
Wales	5.6	5.2	3.4
West Midlands	10.1	7.8	6.8
East Midlands	8.0	4.7	4.1
Eastern	10.4	10.0	6.8
North West (inc. Merseyside)	12.9	12.1	11.4
North East	4.8	3.3	2.7
Yorkshire and Humberside	9.5	6.6	7.2
Total	100.0	100.0	100.0

Sources: 1 Office for National Statistics 2 REGIS 3 REGIS

### **Age of solicitors**

Over one half (55.3%) of solicitors with a practising certificate are aged 40 or under. The average age of a female solicitor with a practising certificate is 36.8 years compared to 43.1 years for men. One half of women solicitors with a practising certificate are aged 34 or less, whilst one half of men with practising certificates are aged 42 or less.

### **Ethnic minority participation**

Solicitors of minority ethnic origin have entered the profession in larger numbers in recent years. At 31 July 2003, there were 10,234 ethnic minority solicitors on the Roll, of whom 7,356 (71.9%) held current practising certificates. The relatively low participation rate amongst ethnic minority solicitors on the Roll is largely explained by the fact that almost a quarter (24.3%) of ethnic minority solicitors on the Roll are resident abroad.

## Financial overview

The Society's budget for 2004 is just under £96million, mainly funded through income from solicitors' practising certificate fees of approximately £73million with the balance generated by income from commercial and other services.

The table shows the principal categories of expenditure and income.

**Table 5: Expenditure and income 2004**

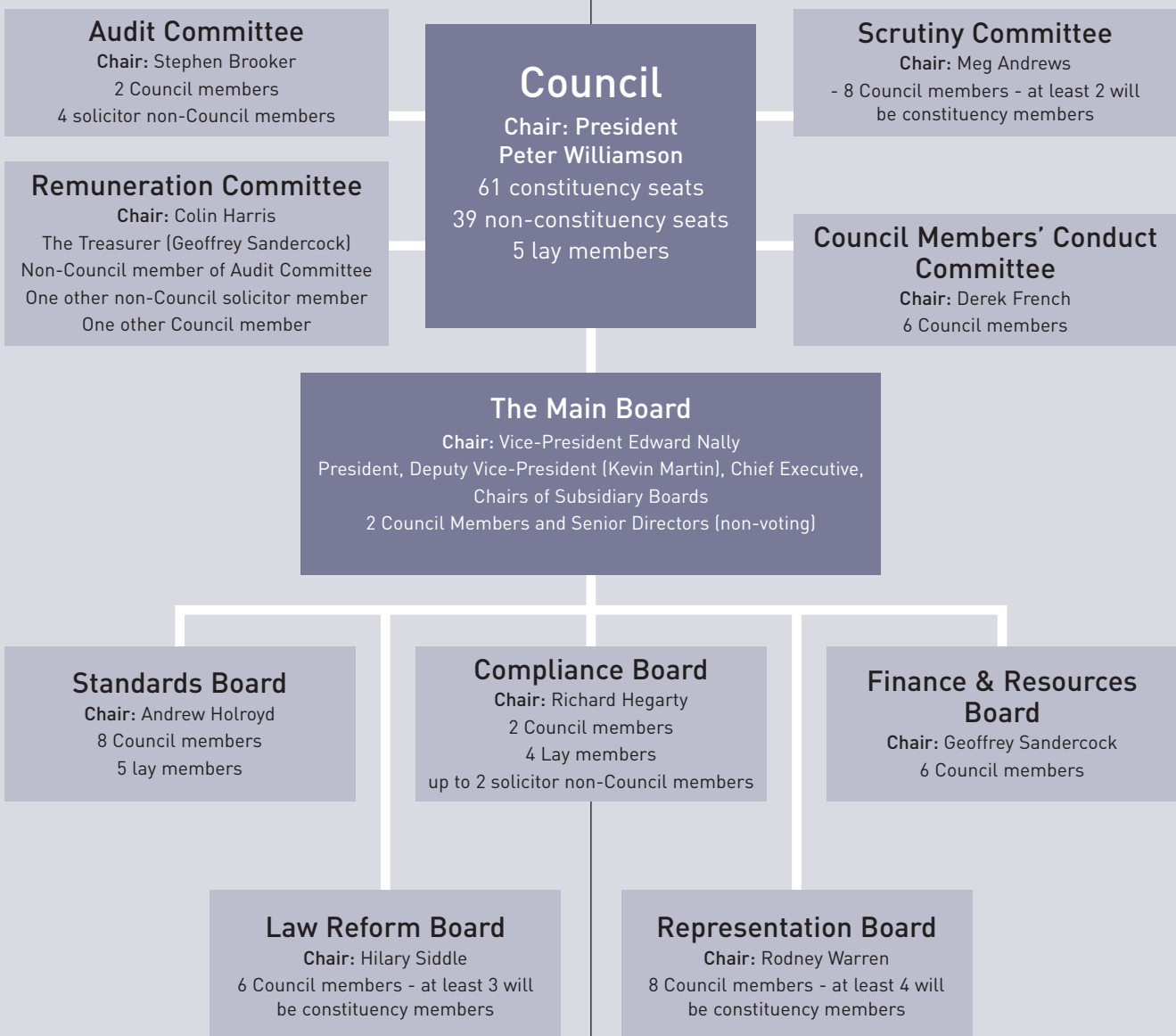
	£ ,000s
Commercial services	8,602
Capital projects and service development	4,639
Representation and law reform	16,222
Strategic policy	2,777
Regulation (policy)	13,010
Regulation (operations)	45,096
Constitutional affairs and private office	5,494
<b>TOTAL COSTS</b>	<b>95,840</b>
<b>Financed by:</b>	<b>£ ,000s</b>
PC fees	73,282
Other fee income	3,060
Other general income	2,970
Commercial services	12,679
Representation and law reform	1,041
Regulation policy	2,591
Regulation operations	217
<b>TOTAL INCOME</b>	<b>95,840</b>
<b>Surplus/Defecit</b>	<b>0</b>

## The Society's governance structure

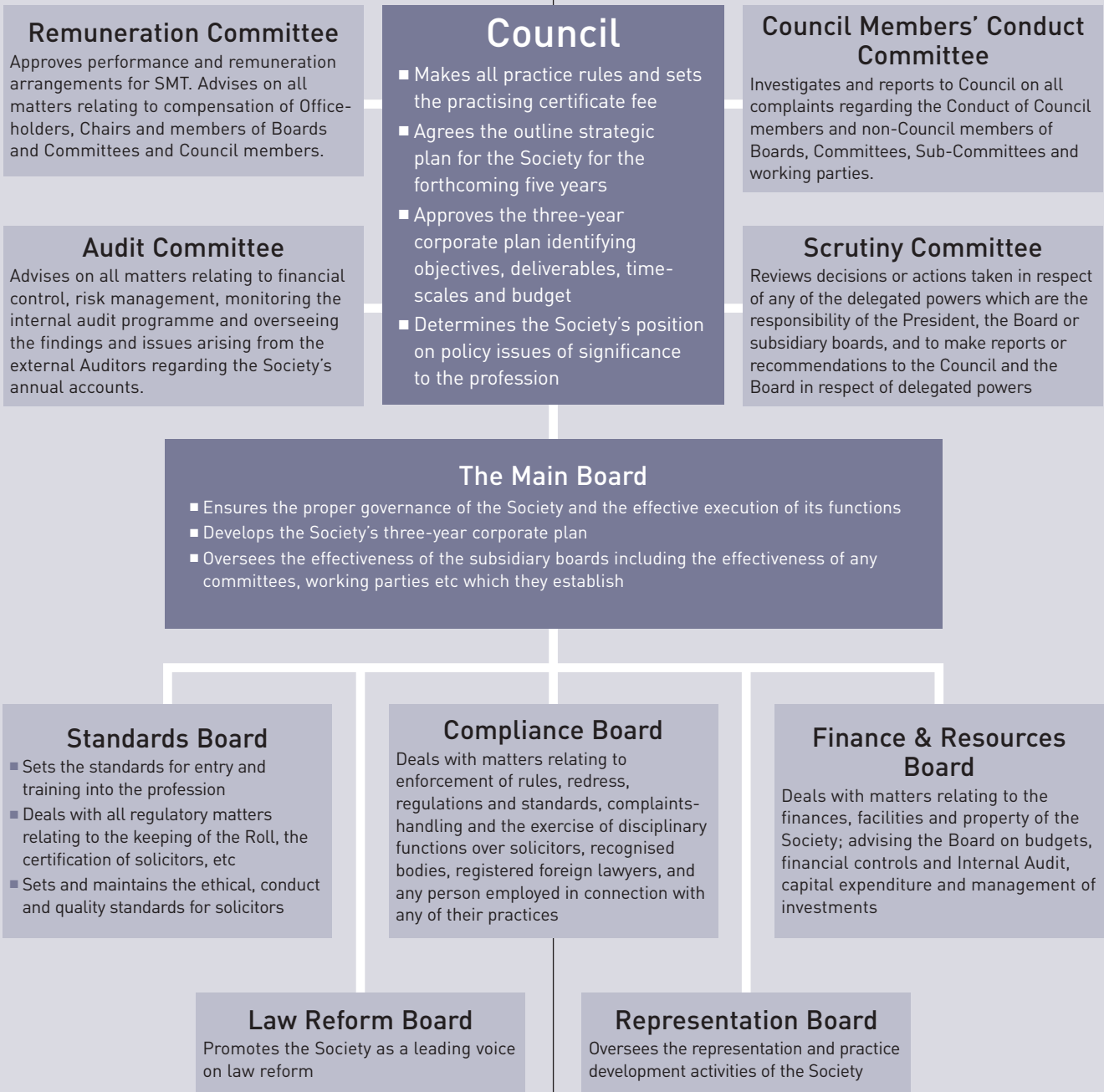
Providing leadership to the profession requires credible and effective decision-making structures. At the time that the current governance structures were introduced (in 2001), the Council decided to review their operation after three years. Accordingly,

a Governance Review Group was established in late 2003. The Group, chaired by Baroness Prashar, will present an interim report to Council in the summer of 2004. We intend to implement the Group's recommendations, as agreed by Council, by the end of 2005.

### Council, board & committee structure



## Council, board & committee roles

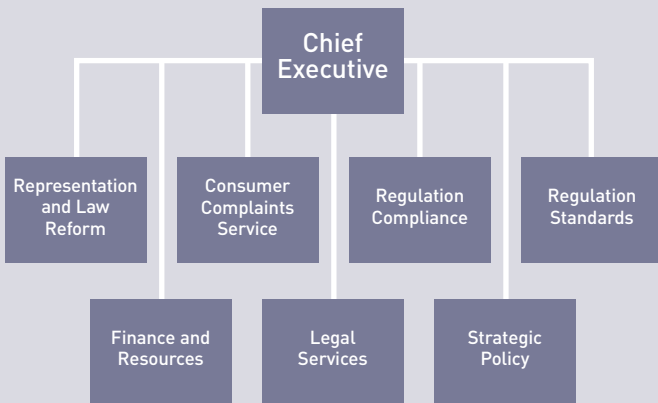


## Staff profile

The Society is committed to playing a leading role in the elimination of discrimination and the promotion of equality of opportunity and diversity in all its activities as a regulator, a representative body and an employer. As an employer, equality and diversity are central to our recruitment, development and promotion activities.

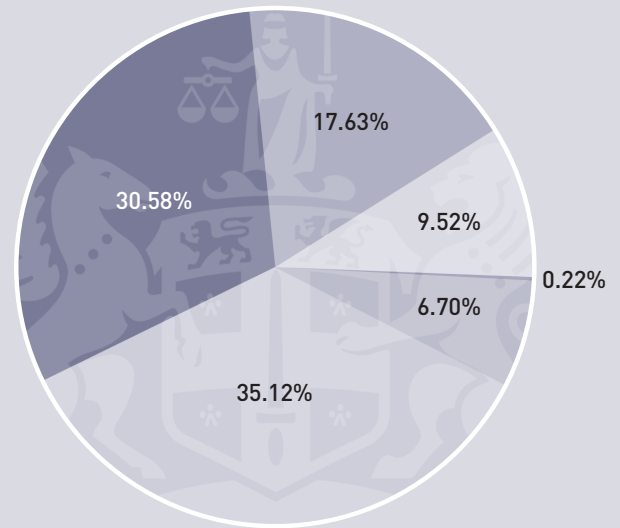
Over 1300 staff work for the Society, and are primarily located at offices in London, Redditch and Leamington Spa. We also have a network of regional offices throughout England, and offices in Brussels and Wales.

The Society is structured into seven directorates reporting into the Chief Executive.



## Age breakdown

The Society employs staff of all ages across its diverse range of operations.



- 16-24 6.70%
- 25-34 35.12%
- 35-44 30.58%
- 45-54 17.63%
- 55-64 9.52%
- 65+ 0.22%

Table 6:

Age Bracket	Total	%
16-24	90	6.70%
25-34	472	35.12%
35-44	411	30.58%
45-54	237	17.63%
55-64	128	9.52%
65+	3	0.22%

## Gender

The gender split for the Society is presented below - the male:female ratio has remained constant over time.

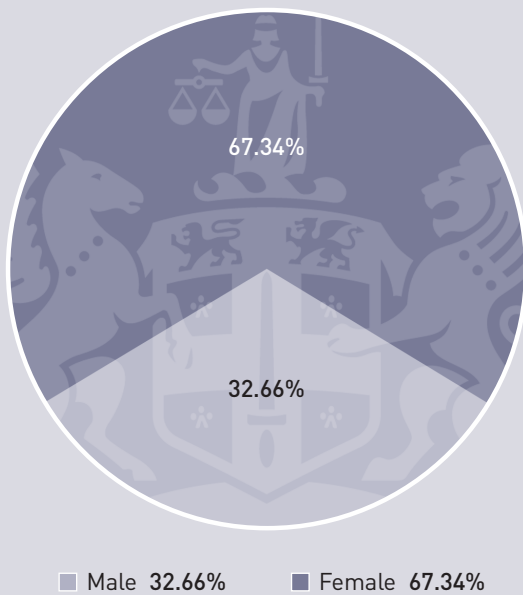


Table 7:

Gender	Total	%
Female	905	67.34%
Male	439	32.66%

## Disability

A Disabled Persons' Group for staff was established early in 2004 to ensure that the Society meets the needs of all its staff, regardless of disability.

Table 8:

Disability	Total	%
Yes	8	0.59%
No	1336	99.41%

## Ethnicity

The staff of the Society are drawn from a wide variety of backgrounds to be representative of the profession and public we serve.

Table 9:

Ethnic Background	Total	%	Male	%	Female	%
White British	1026	76.34%	334	32.55%	692	67.45%
White Irish	28	2.08%	6	21.43%	22	78.57%
White Other	41	3.05%	12	29.27%	29	70.73%
Black Caribbean	27	2.01%	5	18.52%	22	81.48%
Black African	21	1.56%	10	47.62%	11	52.38%
Black Other	7	0.52%	2	28.57%	5	71.43%
Asian Indian	71	5.28%	17	23.94%	54	76.06%
Asian Pakistani	10	0.74%	6	60.00%	4	40.00%
Asian Bangladeshi	5	0.37%	1	20.00%	4	80.00%
Asian Other	13	0.97%	6	46.15%	7	53.85%
Chinese	4	0.30%	1	25.00%	3	75.00%
Chinese Other	0	0.00%	0	0.00%	0	0.00%
Mixed White & Black Caribbean	8	0.60%	3	37.50%	5	62.50%
Mixed White & Black African	3	0.22%	0	0.00%	3	100.00%
Mixed White & Asian	3	0.22%	1	33.33%	2	66.67%
Mixed Other	17	1.26%	3	17.65%	14	82.35%
Not Returned	60	4.46%	31	51.67%	29	48.33%

## Risk management

The Society voluntarily complies with the approach and principles of the (Turnbull) Combined Code of Corporate Governance in relation to risk management and control. Following development of a framework in 2001, the process has been fully operational since 1 January 2002. The framework ensures that risk management and control is effectively integrated within the Society's corporate planning process.

The following potentially high impact business risks are included on the register for 2004:

- Failure to help the profession to retain adequate standards of customer care and honesty
- Failure to safeguard profession-led regulation
- Failure of proper governance
- Failure to manage change effectively
- Failure to make suitable arrangements for business continuity
- Failure to implement the Society's Equality & Diversity strategy
- Failure to develop proactive relationships with the Society's external regulators
- The guidance, services and products we provide to the profession
- Increasing employee motivation & efficiency
- Compliance with all appropriate statutory/regulatory legislation;
- Stringent financial controls;
- Potential for any high profile litigation against the Society.
- Our Professional Indemnity Insurance arrangements.

An action plan has been developed for each potential risk. Progress against targets and deadlines within the plan are monitored regularly by the Society's senior management team, and reported twice yearly to the Main Board of the Law Society.







The Law Society

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