

Cost of regulation stakeholder reference group

23 February 2015

Agenda

	Topic	Speaker	Time
1	Welcome and introductions	Marina Gibbs	11.30 am
2	Objectives of cost of regulation project	Vibeke Bjornfors	11.40 am
3	Survey		
	a) How we got to the results (Methodology)	Rob Cross	11.50 am
	b) Results of survey		12.05 pm
4	Update:		
	a) In-depth research	Vibeke Bjornfors	1.00 pm
	b) Cost of regulators		1.10 pm
5	Next Steps	Vibeke Bjornfors	1.20 pm

Background and objectives

Vibeke Bjornfors, Project Manager – cost of regulation project

Vibeke.bjornfors@legalservicesboard.org.uk

Background

2010

2011

2012

2013

2014

2015

**LSB
regulatory
information
review**

**MoJ Triennial
Review**

**MoJ review
of regulatory
framework**

**LSB
business
plan**

**LSB
business
plan**

**Draft LSB
strategic
plan
2015-18**

Objectives

Test hypothesis legal services regulation is unnecessarily expensive

High level exploration of the cost of the regulators and LSB

Assessment of total regulatory costs authorised persons face to be able to practise

Identify any common areas where providers may be able to reduce compliance costs

Gather evidence for policy makers and regulators to base future work on

Objectives

Future work

- Intention for this to be the first in a series of projects e.g. consideration of benefits of regulation

Independent expertise

Gained from:

- Professor Stephen Mayson and Dr Chris Decker
- Research strategy group
- External research company
- Stakeholder reference group
- Wider group being kept informed

Work streams in project

- Cost for providers
 - Survey of authorised professionals
 - In-depth research
- Costs of regulators (incl. LSB)
 - Benchmarking exercise

Survey into the cost of regulation

Meera Amin, Research Associate
meera.amin@legalservicesboard.org.uk

The LSB launched the survey to hear legal service providers' views on the cost of regulation.

The key aims of the survey were to:

- Gather views on the perceived cost of regulation split by different groups, market segments, and experiences of regulation
- Identify specific regulations and areas of regulation that cause the most concern for the regulated community, and identify where these are in the sphere of legal services regulation, or wider regulation
- Generate volunteers to participate in the more in-depth but smaller scale work to quantify the actual cost of regulation
- Provide areas of focus for the in-depth work to quantify the cost of regulation.

We designed the survey to allow for all the different ways legal professionals are regulated



The survey was heavily promoted to ensure as many responses as possible

Solicitors:

- SRA: sample of 3,000 contact details for entities and press release

Licensed Conveyancers:

- CLC: promoted survey through social media, its website and newsletter and at training events.
- LSB: emailed all of the entities regulated by CLC.

Trademark Attorneys:

- ITMA: emailed its members.

Barristers:

- BC: press release
- BSB: Chair's Update
- LSB: collected sample email addresses of 1,507 barristers, 590 clerks and Heads of Chambers
- Middle Temple website link
- North Eastern Circuit emailed its members

Patent Attorneys:

- CIPA: emailed its members. Also used social media, its newsletter.

Chartered Legal Executives:

- IPS: emails to members
- CILEX: emails to members
- LSB: contacted ILEX regional groups via social media

Costs Lawyers:

- CLSB: emailed all cost lawyers
- LSB: emailed around $\frac{3}{4}$ of costs lawyers
- ACL: emailed its members

Notaries and Scriveners:

- Faculty Office: emailed all notaries

The survey got 967 complete responses

Completed sections	Population 2014	Answered first question	Section 1 About you	Section 2 The overall cost of regulation	Section 3 Cost of complying	Section 4 Specific regulations	Section 5 About the business	Section 6 About the services provided	Section 7 Next steps
Entity									
Council for Licensed Conveyancers	225	54	50	45	45	38	38	38	38
Solicitors Regulation Authority	10,546	552	516	449	428	363	339	332	327
Totals	10,771	606	566	494	473	401	377	370	365
Individual									
Costs Lawyer Standards Board	577	152	143	98	95	71	67	67	67
The Master of the Bar Standards Board	792	100	98	87	86	79	79	79	79
ILEX Professional	15,279	325	311	262	257	220	215	206	203
The Intellectual Property Regulation Board	7,297	160	149	106	103	70	65	60	59
Solicitors Regulation Authority	2,828	249	233	200	193	166	164	159	158
Council for Licensed Conveyancers	129,552	50	48	43	41	35	33	33	33
Totals	157,547	1,041	986	797	776	642	624	604	599
Heads of Chambers									
Barristers Chambers (2012)	824	13	7	4	3	3	3	3	3
Type not specified		84	1	1	1	1	1	1	0
Grand totals		1,744	1,560	1,296	1,253	1,047	1,005	978	967
Overall	100%	100%	89%	74%	72%	60%	58%	56%	55%
Entity	100%	100%	93%	82%	78%	66%	62%	61%	60%
Individuals	100%	100%	95%	77%	75%	62%	60%	58%	58%

We checked the responses to ensure that the results were all valid

- Excluded duplicates
- Reweighted data
- Compared our survey responses to general population of authorised legal professionals
- Compared our data to other surveys
- Received external expert advice on methodology and analysis

The survey generated responses which are broadly representative on a number of measures of the profile of the regulated community.

However, the LSB recognises that there are a number of potential respondent biases as a result of how respondents were engaged and those self-selecting to respond to the survey.

Presentation of survey results

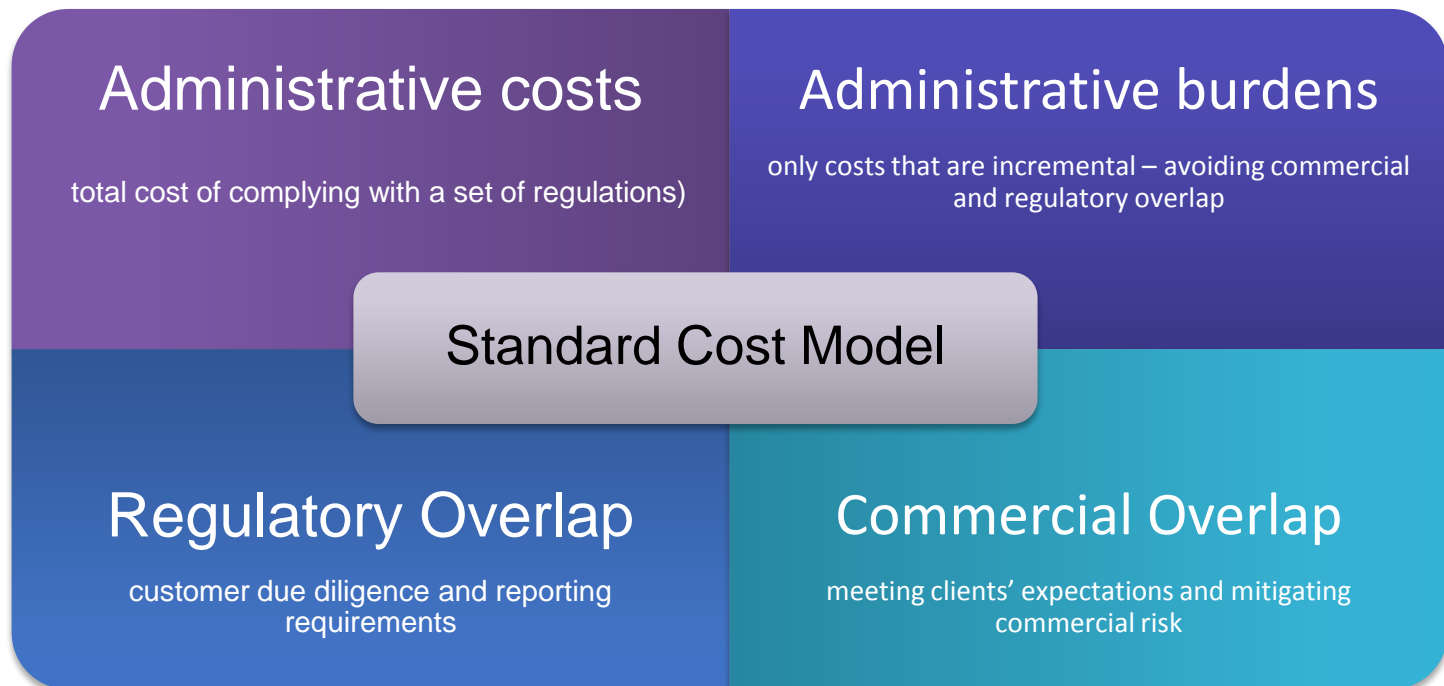
Update – In-depth research

- In-depth research led by external research company



The in-depth research will uncover the details of regulatory costs

- How much do regulatory processes/activities cost for individuals and entities?
- How much of this cost would individuals/entities incur even if there was no legal sector regulation...



In depth research – what's happened so far

- **January 2015:** ICF tested research questions with authorised persons and external academics.
- **02 – 20 February 2015:** research live
 - Telephoned all participants to guide them through the questionnaire, to explain the intention of the questions and explain what information that we are requesting.
 - Circulated a 'frequently asked questions' document, providing any further useful information on answering the questionnaire, based on outcomes of phone conversations.
 - Telephone (or email) support for respondents at any point if they had questions about completing the survey.

153 people are taking part in the in-depth research

Authorised Professional	Total	%
A solicitor	44	29%
A patent attorney	15	10%
A notary or scrivener	13	8%
A barrister	13	8%
A licensed conveyancer	4	3%
A costs lawyer	57	38%
A chartered legal executive	3	2%
A trademark attorney	3	2%
None of these	1	1%
Total	153	100%

Update – cost of regulators

- High level exploration of the spending of the LSB and of the approved regulators.



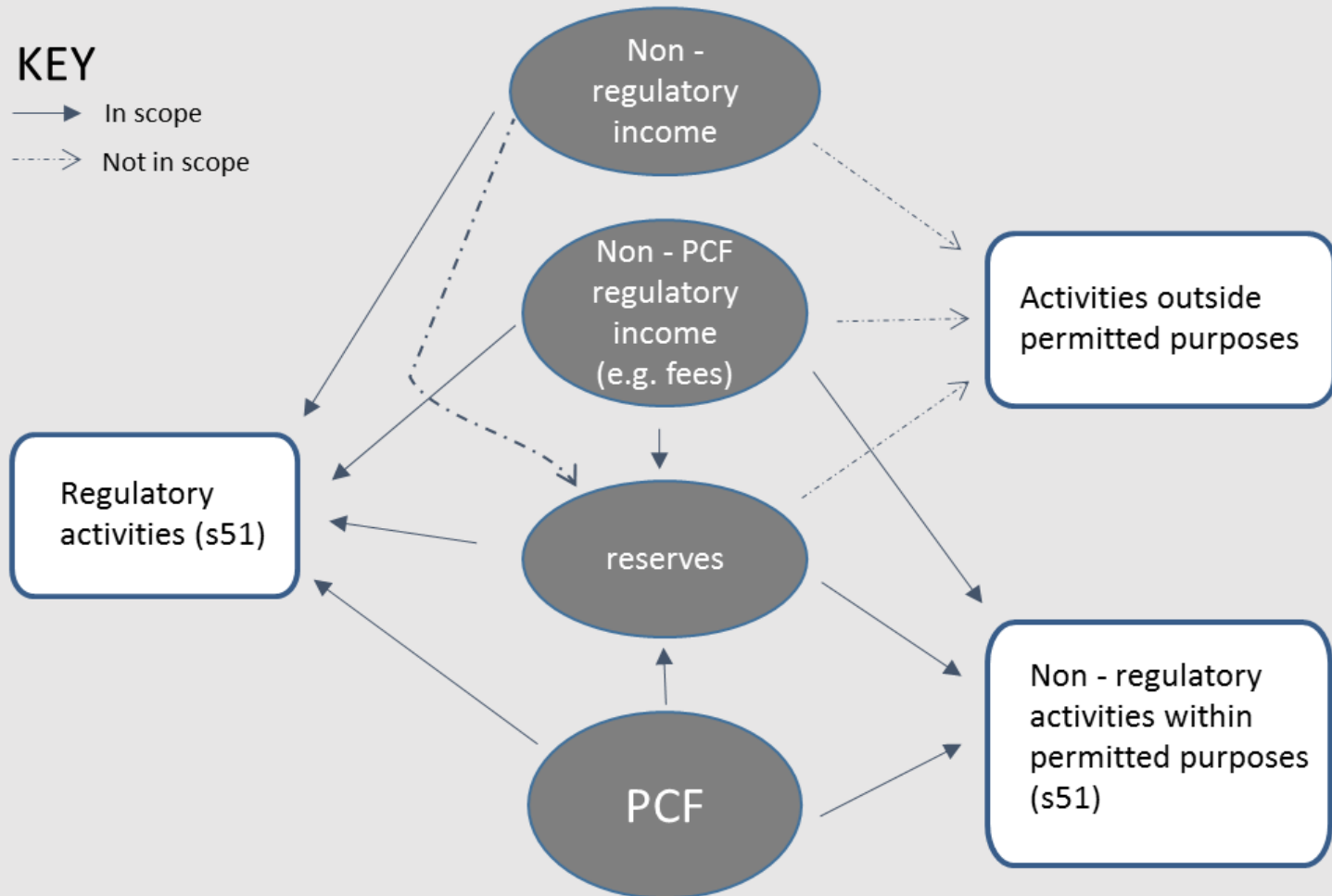
For the LSB =
all functions funded
by LSB levy

Update – cost of regulators

Approved regulator income/spend

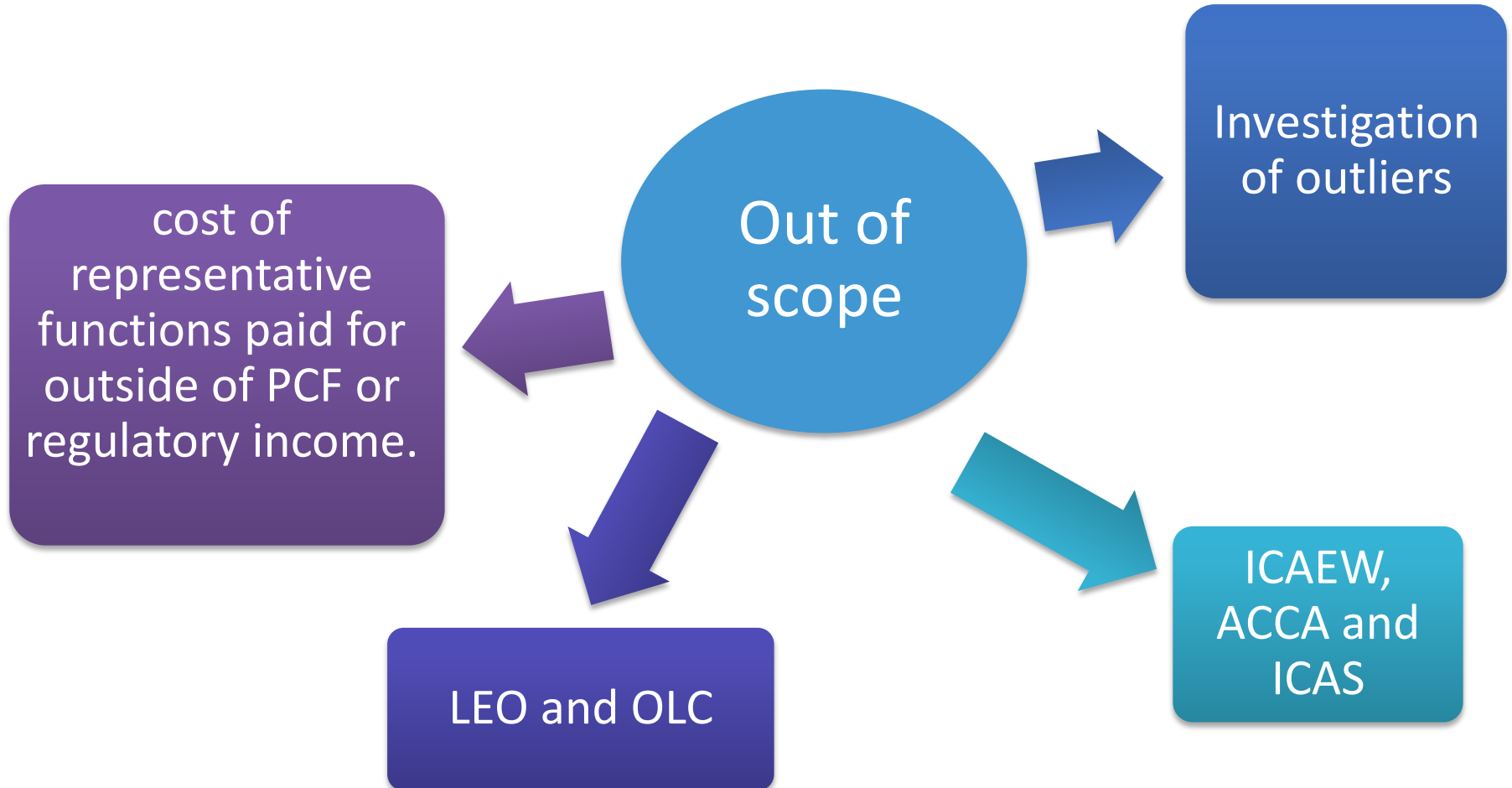
KEY

- > In scope
- - -> Not in scope



NB: Any reserves coming from PCF funding must be spent on s51 activities

Update – cost of regulators



Update – cost of regulators – bench marking

- explore the spend of the approved regulators and the LSB on a number of functions
- compare their spend on these functions with appropriate benchmarks (for example from other regulated sectors and the wider economy) to establish if there are any outliers.
- Conducted by independent management accountants

Next steps

Timetable for remainder of phase one of project

- Stakeholders to receive embargoed copy of survey results shortly before publication.
- Publish results of online survey - March 2015
- In depth data collection: Analysis March-May 2015
- Benchmarking exercise
- Publish results of in depth study: 2015
- Publish results of Benchmarking exercise: 2015:
- Publish final report of discovery phase which will include context and next steps for project.

Upcoming meetings

- May/ June 2015

http://www.legalservicesboard.org.uk/Projects/Reviewing_the_cost_of_regulation/index.htm

Legal Services Board

One Kemble Street

London

WC2B 4AN

020 7271 0050

contactus@legalservicesboard.org.uk



Follow us @ LSB_EngandWal