

<b>To:</b>	Legal Services Board		
<b>Date of Meeting:</b>	23 November 2017	<b>Item:</b>	Paper (17) 80

<b>Title:</b>	<b>Communicating market intelligence</b>
<b>Workstream(s):</b>	Market information (cross-cutting)
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<b>Status:</b>	Official / Official Sensitive

<b>Summary:</b>
<p>The context for this paper is that Board members have asked what key information the LSB has on the legal services market and the impact of reforms. This information could assist the Board and our stakeholders in understanding the changes taking place and the extent of progress towards the LSB's strategic objectives. We have access to considerable information in this area. A key challenge is how to communicate this information in an accessible and memorable way. Our proposed solution is to enhance the research webpages to provide core factual data on the operation of the market across our regulated community.</p>

<b>Recommendation(s):</b>
<p>The Board is invited:</p> <p>(1) to endorse the planned approach to communicating market intelligence</p>

<b>Risks and mitigations</b>	
<b>Financial:</b>	N/A – the proposal does not require financial cost
<b>Legal:</b>	N/A
<b>Reputational:</b>	The proposed work is an opportunity to raise LSB's profile as the 'go to' place to access core data on the operation of the market.
<b>Resource:</b>	Resource to be allocated from within the research team during 2018/19, subject to current vacancy being filled.

Consultation	Yes	No	Who / why?
<b>Board Members:</b>	X		David Eveleigh – proposer of 'data book' idea
<b>Consumer Panel:</b>	X		Secretariat
<b>Others:</b>	Who / why?		

<b>Freedom of Information Act 2000 (Fol)</b>		
<b>Para ref</b>	<b>Fol exemption and summary</b>	<b>Expires</b>

## LEGAL SERVICES BOARD

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### Communicating market intelligence

#### Background / context

1. The context for this paper is that Board members have asked what key information the LSB has on the legal services market and the impact of reforms. This information could assist the Board and our stakeholders in understanding the changes taking place and the extent of progress towards the LSB's strategic objectives.
2. We have used the development of our next three-year corporate strategy to review and publicise our approach to research and evidence gathering. A key theme is that we will increasingly refer to our approach as 'market intelligence' as opposed to focusing primarily on commissioning external research. The phrase 'market intelligence' is intended to cover the various quantitative and qualitative ways in which we gather information about the market, and includes but is not limited to research. Another is making sure that the information we gather is clearly linked to our statutory functions and the regulatory objectives.
3. Our current approach is designed around the triennial market evaluation exercise, which seeks to assess whether the market outcomes associated with the regulatory objectives in the Act are being achieved over the longer term, and where more progress needs to be made. This assessment is in effect a 'meta analysis' and pulls together data shared with us by approved regulators, LSB analysis of survey data<sup>1</sup>, published official data on trends in the justice system, and an in house literature review.
4. Subject to the Board's views on future business plans we intend to continue to conduct a triennial market evaluation exercise, which is next due in 2019. The market evaluation exercise is influential in forming stakeholder opinion about the health of the sector both at home and overseas. It is a key reference document internally and is an influential resource in shaping business planning priorities.
5. While the market evaluation report contains a wealth of data about the market, the volume and wide-ranging nature of this makes it difficult for stakeholders (and colleagues) to extract the information they need easily. Although we have used infographics to make the key findings more accessible, we consider there is the potential to do more to communicate core information about the market. Further, the focus on a three-year cycle means that information in the report is quite quickly out-of-date, in the context of a market in a state of flux.
6. In parallel to our thinking about future market evaluation exercises the Board has recently provided challenge to the executive in relation to data provision. It now

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<sup>1</sup> The market evaluation is supported by a series of set-piece research projects conducted at least once in every three-year cycle. These include the individual legal needs survey, small business legal needs survey, innovation survey, and prices survey. This is supplemented by other ad-hoc surveys commissioned by the LSB and others from time to time.

receives a routine horizon scanning report (appended to the CEO's report) which includes a table with key statistical information and quantitative research evidence. More recently the specific idea of a regularly updated 'data book' containing core market information and success metrics has been proposed.

7. The development of an online 'data book' is one part of our proposed approach to assuring the Board on the delivery of the strategy (see Paper 17/78).

## **Proposal**

8. We believe that improving the way we communicate market intelligence could deliver a range of benefits, both for ourselves and stakeholders. In particular it would help ensure that decisions are informed by an up-to-date picture of the operation of the market. It could raise our profile by providing a reference resource for the media, making LSB the 'go to' place for accessing reliable data on the market. Building on this the data could help us better demonstrate the economic and social contribution made by legal services in the public interest.
9. We propose to take this work forward by enhancing the research webpages to provide core factual data on the operation of the market across our regulated community. An important distinction between this and the market evaluation is that the first comprises factual data regularly compiled from published sources only, whereas the second is *LSB's analysis* of factual data, surveys and other information compiled periodically over a rolling three-year cycle. A review of the market evaluation framework is scheduled in 2018.
10. If the Board agrees with this approach, the next step will be to agree what data to collect and publish. We will need to prioritise carefully in order to avoid the risk of information overload. Equally, this will necessarily be an exercise in the 'art of the possible' given we are drawing on existing published data from third parties. The range and quality of data published by the regulators is variable. Data on the same topics is not collected or published consistently, so it will be challenging to compile aggregated or comparative information. Third parties may change the way they publish data or, of course, cease to publish data altogether. Ultimately this is not within our control, but nevertheless, based on currently published data we consider there is sufficient material available to form a useful resource.
11. **Annex A** represents our early thinking on a straw man to give the Board a flavour of the types of core factual data that we could publish. However, should the Board wish to proceed we will develop and refine this list. Note that statistical data is typically updated annually and survey data more infrequently. If the Board endorses the work, we will develop a communications plan to raise awareness.
12. We are confident that the current research webpages have the flexibility to allow us to publish this data. There will be no external financial cost, although we will need to devote staff resource to the development and execution of this work. Although ongoing monitoring of market intelligence will require staffing resource, it will reduce the intensity of effort currently deployed for the triennial market evaluation exercise when the data is mostly collected and analysed in one go.

## **Conclusion / 'next steps'**

13. We will feed the outcome of the Board's discussions into business planning for 2018/19, which will come to the Board for approval at its March meeting.

## Straw man

Where possible a 5 year time series will be presented

Heading	Data type	Source
Health of sector	UK wide legal services turnover	ONS
	Net exports of UK legal services	ONS
	Other 'Global Britain' related measures (tbd.)	Various
	Levels of innovation	LSB
Market structure	Number of authorised persons (individuals, entities)	ARs
	Number of ABS	LAs
	Size of unregulated sector	LSB
	Value of different market segments	SRA
	Number of transactions in different market segments	Various
	Charging methods (fixed fees etc.)	LSCP
	Average price of various services, spread of prices	LSB
	Delivery methods (face-to-face, online etc.)	LSB
Consumer behaviour (individuals, SMEs)	Action taken to resolve legal problems	LSB
	Shopping around, choice factors	LSCP
	Public trust and confidence measures	LSCP
	How services are paid for	LSB
	Rates of satisfaction	LSB/LSCP
Consumer protection/quality	Number and type of complaints (first-tier)	ARs
	Number and type of complaints (second-tier)	LeO
	Disciplinary actions	ARs
	Insurance claims	TLS
	Compensation Fund pay outs	ARs
Diversity	Data on entry by protected characteristic	ARs

	Data on seniority by protected characteristic	ARs
	Judiciary by protected characteristic	JAC
Regulators	Regulators' expenditure	ARs
	Staff headcount	ARs
	LSB expenditure, levy per authorised person	LSB