

To:	Legal Services Board	
Date of Meeting:	15 October 2013	Item: Paper (13) 68

Title:	Evaluation: Changes in competition in regulated legal markets
Workstream(s):	B:Strategy development and research – research evaluation and evidence
Author / Introduced by:	Robert Cross, Project Manager - Research Robert.cross@legalservicesboard.org.uk / 020 7271 Ext. 0091 Alex Roy, Head of Development and Research Alex.roy@legalservicesboard.org.uk / 020 7271 Ext. 0060
Status:	Protect

Summary:
We are publishing a report on competition in the legal sector in October. The report is included within the Board packs for interest and future reference. Early findings from this (internal) research were published as Annex E of the recent response to the MoJ review of the Cost and Complexity of legal regulation.

Recommendation(s):
The Board is invited to consider how they would like to use the analysis and results from this report to inform future debate.

Risks and mitigations	
Financial:	N/A
Legal:	N/A
Reputational:	In our recent response to the MoJ review of the cost and complexity of legal regulation Annex E included a summary of the findings from this research and generated some media interest. While the analysis uses established frameworks, this is a new approach to analysis of the legal sector, and we may face criticism as a result. We have consulted on drafts with a set of stakeholders, clearly state assumptions made, and known limitations of the data used to mitigate this risk.
Resource:	N/A

Consultation	Yes	No	Who / why?
Board Members:	X		Terry Babbs – Board representative on Research Strategy Group
Consumer Panel:	X		This is primarily an analysis of suppliers of legal services. As part of general research communications we have presented early findings to Panel manager, and shared copy of draft report, no specific

		comments have been received.
Others:	-Academic members of the Research Strategy Group (Professor Mari Sako, Professor Stephen Mayson, Professor John Flood). -Law Society Research Manager and Chief Economist -SRA Chief Economist and Information Manager All three groups were asked to act as a challenge function for the analysis, in terms of the approach taken, the interpretation of specific data, and the validity of conclusions reached.	

Freedom of Information Act 2000 (Fol)		
Para ref	Fol exemption and summary	Expires
Annex A	Section 22 - intended for future publication	

LEGAL SERVICES BOARD

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Evaluation: Changes in competition in regulated legal markets

Context

1. In line with the commitment in our 2013/14 business plan we have produced an analysis of changes in competition in the legal market. This supports the development of work on cost and complexity of regulation, ongoing evaluation and monitoring of the impact of reform, and elements of our submission to the Ministry of Justice review of regulation.
2. This report presents an analysis of changes in competition incorporating Competition Commission guidelines and the Oxera market segmentation framework. This is combined with regulator data to assess how levels of competition in the regulated legal sector have changed between 2010 and 2013.
3. The report considers competition within the legal market across four perspectives: geography; market share; structure; and innovation. A summary of findings can be found at Annex A. The full report is included within the Board pack for reference only. The two annexes to the full report are available on request from the research project manager. Please email Robert Cross (robert.cross@legalservicesboard.org.uk) for a copy.

Implications for LSB

4. We see this analysis as an example of the LSB seeking to drive an evidence based approach to the legal market, improve the focus on the role of regulation in driving growth and challenge traditional interpretations of competition in legal services. We will promote these findings/conclusions over the coming months as we seek to stimulate dialogue and provide the necessary evidence base to take forward our work in the coming year.
5. In considering what this means for our 2014/15 business plan, our approach will again be not to update the 2012 evaluation in full, or revisit the analysis of competition. Instead we will focus our resources on specific areas of importance to our agenda, such as access to justice and the cost and complexity of regulation.

Recommendation

6. The Board is invited to consider how they would like to discuss the analysis and results from this report in order to inform future debate.

01.10.13

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