

# **Market impacts of the Legal Services Act 2007 - Baseline Report (Final) 2012**

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**October 2012**

## Foreword

Understanding the impacts of change is vital for those, like us, who believe we must focus on the outcomes of regulation. For any organisation tasked with changing a market both in the public and consumer interest, evaluation of the impact of policies introduced is essential. For those operating in the regulatory sphere evaluation is key to understanding whether regulatory policy achieves the right balance of protecting consumers and promoting competition.

However, regulation does not operate in isolation from wider changes. The LSB needs to consider the wider context of the economy, and other external views and factors that may influence and change the perspectives of other players in the market place.

In April 2012, we brought together data from a wide range of sources to provide a basis from which to measure change in the legal services market in future years. It has been prepared before the major impacts of the Legal Services Act 2007 reforms have been felt and so that their impact can be evaluated. We believe that this is the first time this wide range of indicators have been presented together, allowing insight into longer term trends in legal services.

I would like to thank those who took time to review that interim report and to share with us their thoughts. The final report presented here is improved as a consequence.

Feedback was robust and challenging, partly reflecting the paucity of data in the sector – one area in which there was consensus among commentators. This lack of information among regulators and representative bodies, coupled with a desire not to impose too great an information burden on the regulated community, means we must continue to use a range of proxy indicators to make observations about trends in the legal services market.

Greater data transparency has been a strong theme of central government departments in recent years - yet the regulated community, major purchasers, and not-for-profit advice groups seem not to have risen to the challenge of the open data initiative. This impediment to the free flow of information between consumers and providers is a concern; better information encourages competition by putting firms on their mettle to improve efficiency and so deliver a better deal for customers. The legal services sector has a long way to go in this area, and the widest range of stakeholders need to match the government's progress if we are to improve consumer welfare.

Some commentators challenged the use of some indicators, questioning the quality of the sources of information behind these indicators. Different stakeholders also interpreted the same data in different ways, most obviously, around what the changes in numbers of complaints might actually mean. We recognise a consensus may never be achieved.

A significant part of the feedback on the baseline report called for more LSB research to fill gaps in knowledge and replace proxy indicators. The LSB should not work on this alone. Understanding the regulated community and the market in which they operate should be the aim of each of the approved regulators as they seek to develop proportionate, targeted

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regulation. We hope this evaluation will stimulate regulatory community into building a better evidence base, that is published and easily accessible by all, adhering to the better regulation principle of transparency. Our aspiration for future evaluations is that the regulatory community will have addressed the collective gaps in understanding.

We have adapted this baseline report to reflect some of this feedback, changing some of the demand indicators, and replacing some proposed media led indicators with the findings of surveys of the public and legal service consumers where possible.

This final report has been able to draw on the findings of our 2012 Legal Services Benchmarking consumer research, and the forthcoming 2012 Survey of Solicitors Firms, jointly commissioned with the Law Society and Ministry of Justice. Charts, tables and the associated narrative have also been updated to reflect data published since the interim report.

We recognise, though, that this baseline still has gaps. We therefore set out a range of additional sources of information we will use in the coming months to refresh this analysis in October 2013, with annual reports thereafter. We also list the major knowledge gaps we have identified, which shape our analysis and the conclusions we draw. These gaps in data continue to reduce our ability to isolate the specific impacts of regulation, so we need to look at general movements as well as specific numerical measures.

While this report will act as our baseline for future measurement, we recognise that this is a work in progress. In the absence of perfect information, we proceed on the basis that some evidence is always better than no evidence at all. We continue to encourage every reader to consider where we have overlooked evidence and share that with us.

David Edmonds



Chairman  
Legal Services Board

<b>Contents</b>		<b>Page No.</b>
1	Overview	9
2	Context and amendments following the interim baseline report	18
3	Environmental context	21
4	Perspectives	29
	A. The Profession	31
	B. The Consumer	60
	C. The Public	77
	D. The Market	81
	E. The Investor	97
5	Activities to close gaps in knowledge and missing indicators	99

## List of figures

No.	Figure title	Page No.
1	Timeline for legal services regulatory reform	20
2	List of 25 proxy indicators of demand for legal services	22
3	Types of services provided to individual consumers for all legal issues	24
4	Major fall in residential property transactions and remortgage approvals, and a steady decline in the actual demand for solicitor services for probate grants	26
5	Growth in criminal trials and NHS litigation	26
6	Increases in Employment Tribunals where clients are represented by a lawyer, contrasted with falls in other private and business consumer indicators	27
7	Large falls in commercial property transactions and mergers and acquisition activity, contrasted with increases in the business death rate	28
8	Increased volumes of commercial arbitrations	28
9	Perspectives and Outcomes	29
10	Proportionate increases in BME solicitors in private practice and in BME partners, against a backdrop of growing BME population	31
11	Small but growing gap between proportion of self employed BME barristers and BME population, and little change in the proportion of BME QCs	32
12	Growth in female solicitors in private practice against falling proportion of female population, but continued low levels of female partners	33
13	Very small increases in the proportion of self employed female barristers and female QC's	33
14	Largely constant age distribution of practising solicitors	34
15	Missing indicators for measuring Outcome 1	35
16	Individual consumers' reasons for dissatisfaction by provider type	37
17	Types of complaints received by the Legal Ombudsman	37
18	Future indicators of quality	38
19	Individual consumers' satisfaction with the outcome of legal matter over time	40
20	Individual consumers' satisfaction with legal services over time	40
21	Low levels of information on complaints procedures	41
22	Range of consumer responses to dissatisfaction	42
23	Service complaints reported to the Legal Ombudsman are only a fraction of consumer issues with service	42
24	Trends in complaints made against solicitors	44

25	Growth in SRA entity allegations of financial compliance risk	44
26	Exponential growth in more serious complaints against solicitors	45
27	Large fall in level of complaints received against licensed conveyancers	45
28	Small fluctuations in complaints received against legal executives	46
29	Fall in level of complaints received against barristers, but increases in the number referred for further action since 2006/07	46
30	Trends in complaints in other sectors	47
31	Missing indicators for measuring Outcome 2	47
32	Falling levels of trust in the professions generally, but around half the public trust lawyers to tell the truth	48
33	Only 3 out of 5 people experiencing a legal issue are confident of getting a fair hearing	49
34	Solicitors' views of SRA performance	49
35	Missing indicators for measuring Outcome 3	50
36	Summary of changes to training requirements	51
37	Summary of changes to CPD requirements	54
38	Large proportion of legal aid solicitor firms providing 'threshold competent' advice or better	57
39	Relatively low levels of membership of additional quality assurance schemes	58
40	Use of quality marks in purchasing decisions	58
41	Missing indicators for measuring Outcome 4	59
42	Proposed measures of access to justice	60
43	Increasing public knowledge of what lawyers do	62
44	Small decreases in people obtaining advice when they experience a problem	62
45	Consumers' response to legal problems	64
46	Reasons for taking no action	65
47	Reasons for handling alone	65
48	Shift away from use of solicitors in probate applications	67
49	Household income and response to consumer problems	67
50	Face-to-face still a major element for first contact in the provision of legal services	69

51	Face-to-face still a major element in the delivery of legal services	69
52	Missing indicators for measuring Outcome 5	70
53	The Law Society remains the most well known of the regulatory community	70
54	Consumer confidence that their rights are protected and they can complain	71
55	Consumer confidence that they can complain if dissatisfied	72
56	Missing indicators for measuring Outcome 6	72
57	Consumers of legal services segmented by experience	73
58	Only 1 in 5 individual consumers shopped around, and most of them did so on the basis of price	74
59	Most important factor in choosing a provider	75
60	How consumers choose their advice provider over time	76
61	Missing indicators for measuring Outcome 8	76
62	Missing indicators for measuring Outcome 9	77
63	UK ranked 8th for time taken but 13th for cost of enforcing contracts among 16 economies	78
64	Growing net exports of UK legal services	79
65	Missing indicators for measuring Outcome 10	79
66	Falling ethical concerns contrasted with rising number of solicitors	80
67	Missing indicators for measuring Outcome 11	80
68	Growing numbers of authorised persons over time	81
69	A growing legal industry	82
70	Non-solicitor legal services account for two fifths of UK legal industry turnover	83
71	Reduction in the proportion of solicitors firms owned by sole practitioners	83
72	Average number of solicitors per firm increasing in firms owned by sole practitioners.	84
73	Constant proportional use of non-solicitors in legal aid firms	84
74	Little change in market share for conveyancing over the past 5 years	86
75	Changes in areas of turnover for solicitors firms	87
76	Solicitors firms' changes in turnover over the past 3 years	87

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77	Prices for business legal services are rising	88
78	Sources of clients for solicitors firms	90
79	Online advertising channels for solicitors firms	90
80	Missing indicators for measuring Outcome 12	91
81	Improvements in perceived value for money	92
82	Perceptions of unaffordability of legal services	93
83	Who pays for the legal service	93
84	Information on the cost of advice	94
85	Range of prices paid for legal services	94
86	Missing indicators for measuring Outcome 13	95
87	Range of income per fee earner for solicitor firms	96
88	Missing indicators for measuring Outcome 14	96
89	Missing indicators for measuring Outcome 15	97
90	Missing indicators for measuring Outcome 16	98
91	Missing indicators for measuring Outcome 17	98
92	Timetable for gathering of information on missing indicators	99



## Overview

- 1.1 The Legal Services Act 2007 (LSA) provides for a set of regulatory reforms designed to increase competition in the legal services market and place the consumer at the heart of the regulatory system.<sup>1</sup> Monitoring how the market changes is a vital part of understanding the impacts of these reforms. This evaluation represents the first of several steps in evaluating change in the legal services market over the coming years.
- 1.2 This final baseline report is in effect a summary of market changes leading up to the implementation of the Alternative Business Structure (ABS) regime. We will refresh and update this evaluation report alongside our Business Plan to track changes over the 2012-2015 period. By using the specific set of indicators set out in this report, the LSB and the regulatory community can track how the market changes over time, against the outcomes envisaged by the regulatory objectives in the LSA. This ensure that this activity remains focused on the key areas of change.
- 1.3 Building on the analysis in our interim baseline report, we have updated this report in line with feedback received from a wide range of commentators. We have also utilised the findings of new research and other sources of data to add new indicators across the range of outcomes. Major changes made are:
  - Updating time series data where figures for the 2011/12 period have been published.
  - Adding recently published Legal Ombudsman complaints data to our analysis of trends in complaints in the legal services sector.
  - Applying the findings of the Legal Services Consumer Panel (LSCP) 2012 tracker survey to track levels of consumer satisfaction, and public perceptions of legal services over the 2011-2012 period.
  - Applying the findings of the Legal Services Board (LSB) 2012 Legal Services Benchmarking consumer survey to benchmark individual consumers response to legal problems, reasons for not using legal services, methods of service delivery used, levels of satisfaction with different providers, responses to dissatisfaction, and prices paid.
  - Applying the early findings of the joint Law Society, Ministry of Justice, and Legal Services Board 2012 Survey of Solicitors Firms to understand changes in turnover over the past three years, benchmark client acquisition sources, and use of online advertising.
  - Revising the list of indicators to reflect feedback received about their validity as appropriate proxy measures of change, including replacing the volume of road traffic accidents demand indicator with case registered with the Compensation Recovery Unit at the Department for Work and Pensions.
  - Putting forward a set of proposed indicators for measuring access to justice, taken from a discussion paper presented to the Legal Services Research Centre International Conference in September.
  - Providing a detailed baseline of changes in entry level qualifications and continuing professional development over the past 5 years - in advance of the Legal Education and Training Review report.

## Regulation as part of a wider system

- 1.4 It is very challenging to isolate the specific impacts of regulation on the market from the impacts of wider economic factors. Particular challenges include the extent to which changes in the legal market are interconnected with changes in the rest of the economy; the fact that the legal market itself consists of a number of interconnected markets impacted in different ways by exogenous economic factors. These challenges are exacerbated by a lack of robust consistent data across the legal services market that would allow us to apply statistical techniques to identify underlying drivers.
- 1.5 In this context our approach remains to identify as many of the indicators of change and to describe the extent to which these demonstrate changes in the legal markets that lead us to believe our objectives are being met. This 2012 baseline report comes before the regulatory changes allowing ABS have had an opportunity to bed in. The results therefore provide a baseline against which we will measure future changes.
- 1.6 Global economic turmoil has had and will continue to have a significant impact on the legal services market. Its impact affects different segments of the legal services market in different ways – changes affecting global finance will have a greater impact on large corporate or city law firms while changes to the housing market will have a greater impact on smaller or high street law firms offering services to individual customers. This is against a backdrop of rising consumer expectations of service generally, and reduced real incomes for most consumer groups. While many legal services are distress purchases, or purchases of necessity, consumers still face choices about how they address a problem, including whether to address a problem at all.<sup>2</sup>

## Limited information available

- 1.7 The LSB has a responsibility for overseeing regulation of lawyers in England and Wales, undertaken by the approved regulators.<sup>3</sup> Prior to the LSA, regulatory activity for lawyers largely focused on maintaining a list of members of each of the individual professions, coupled with a complaint driven reactive approach.<sup>4</sup> Latterly, basic data on diversity and address of employer has been added to the information collected upon annual renewal of membership of the profession, but before 2009 and aside from the Law Society (TLS), little in the way of research was undertaken by these organisations. There is significantly more information on solicitors than other legal service providers, and the Solicitors Regulation Authority publish a range of detailed quarterly reports. The Bar Standards Board now also publish a range of information on barristers. Other approved regulators have started to undertake work in this area, but little of this is yet published. Approved regulators with no authorised persons – such as the Association of Chartered Certified Accountants – have published some research into legal services in the past. This is contrasted with summaries of government records – property transactions, court hearings, legal aid suppliers etc – starting to be made more available in more recent years.
- 1.8 As a result of this history, there is no embedded culture of information collection and analysis in legal services at a regulatory level. This can be contrasted to other more

competitive industries such as the financial sector, where competition drives better provision of information reducing consumers' transaction costs in searching for information about providers' quality and prices. This results in piecemeal coverage of data in certain areas of the market and virtually no information on private consumers of legal services. Following the findings of LSB and LSCP recent research, we have been able to reduce the major knowledge gaps for the regulatory community<sup>5</sup> from eleven to ten as follows:

- I. Volume of consumers using legal services over time.
- II. Diversity of authorised persons delivering legal services.
- III. Quality of legal services delivered.
- IV. Trends in service complaints for each sector, at both first and second tier.
- V. Size of unreserved legal sector.
- VI. Staff employed in reserved and unreserved legal service providers.
- VII. Prices offered and paid for legal services.
- VIII. Range and frequency of different use of service delivery methods.
- IX. Turnover of non solicitor legal service providers.
- X. Existing use of external financing.

- 1.9 We have identified many areas where good indicators exist which will help us track progress against our objectives over time - eg consumer confidence - while in other areas data is either absent (eg quality), or inconclusive (eg complaints). We recognise that the knowledge gaps above are likely to remain, at least in the coming two to three years.

#### **What available indicators tell us about market movements towards desired outcomes**

- 1.10 Looking back over the past six years, we look at market trends against the outcomes we have set for the market, with reference to our regulatory objectives.<sup>6</sup> It remains too early to see the impacts of reforms to the regulatory structure implemented over the past two years - such as new complaints procedures, independent regulatory bodies, and ABS. However, what we can glean from this exercise is what the market looked like between the inception of the LSA in 2006/07 through to 2011/12.
- 1.11 We wish to avoid imposing any additional information burden on the sector, except in situations where transparency of information is a key part of achieving the regulatory objectives. An example of this is in the publication of diversity data to encourage greater diversity among the sector. That means relying on a combination of published data and research to establish what the changes in the market have been, but with some gaps in knowledge remaining.
- 1.12 In the feedback received, commentators challenged the use of some indicators, questioning the quality of the sources of information behind these indicators. Feedback shows different stakeholders interpreting the same data in different ways, most obviously around the interpretation of changes in complaints numbers. As we highlighted previously, a rise in complaints reported to the Legal Ombudsman could be interpreted as evidence of a negative, neutral or positive change - driven either by increased openness of firms to seek and act on consumer feedback, a broader social propensity of

all consumers to complain or actual falls in quality of service provided. We have adapted this baseline report to reflect some of this feedback, changing some of the demand indicators, and replacing some proposed media led indicators with the findings of surveys of the public and legal service consumers where possible. We form a view of how the market has changed in the years preceding the implementation of the ABS regime through the assessment of a set of proxy indicators, which we interpret via reference to the wider market context and qualitative inputs.

- 1.13 The LSB's Evaluation Framework, published in April 2011, highlighted 17 outcomes that we seek to evidence with a series of indicators, to explore whether the outcomes have been met. These outcomes are spread across five perspectives – the sector, the consumer, the public, the market and the investor. These outcomes reflect the potential impacts of the LSA reforms on the legal services market. Our summary conclusions for each perspective and related set of desired outcomes are set out below.
- 1.14 It is important to note that the indicators are just that: indicators, not targets. Any one of the indicators may move in either direction and of itself tell us nothing about cause or even if it is a step towards the outcome. Only by triangulating different indicators, analysing trends and relationships will we be able to reach an assessment of the delivery of the outcomes.

### Perspective A. The provider

**Outcome 1.** Diversity of the legal providers shows greater similarity to the client population.

**Outcome 2.** Quality of legal services is improved overall compared to 2009.

**Outcome 3.** The profession, judiciary and public maintain confidence in the independence and reputation of the legal sector.

**Outcome 4.** Education and training of the legal workforce supports the delivery of high quality legal services.

- 1.15 For diversity, we want to understand whether legal service providers reflect the diversity of the group of consumers served. We use the diversity of the population as a proxy. We have up to date diversity statistics for solicitors and barristers, covering the vast majority of the regulated legal sector. However gaps exists for the smaller elements of the legal profession and there is little published information that addresses the diversity of the whole legal services workforce – for example those working in solicitors' firms who are not authorised persons. Available data shows **entry levels matching the diversity of the population, but limitations on career progression for those from Black and Minority Ethnic (BME) groups**. We conclude that there has been limited progress towards this outcome, prior to the impact of the LSA.
- 1.16 Direct evidence of the quality of the actual legal advice is limited - our study of will writing provided one example in a single limited area of legal advice. Looking wider than this, the regulatory community does not have this information at this point in time, but have

been challenged by the LSB to develop measures against a set of success criteria<sup>7</sup> published in September 2012.

- 1.17 In the absence of other measures of quality we rely on two proxy indicators – reported levels of satisfaction and levels of complaints. While consumers continue to report high levels of satisfaction with legal services provided, and records show falling levels of complaints for barristers, legal executives, and licensed conveyancers - suggesting improved levels of service quality – where we have richer data the picture is mixed. Considered as a whole this suggests the seriousness of service failures appears to be increasing. This points to falling levels of service quality. From a wider perspective, the rising complaint numbers against a background of falling demand over 2006/07-2008 also points to falling levels of service quality. The impact of changes to complaints procedures or wider changes in consumer propensity to complain is unknown. A lower number of complaints received by Legal Ombudsman could be as a result of providers handling complaints better, but other research suggests consumers are not being told about the complaints procedures in a large proportion of incidences. How this changes over time will play a key part in understanding longer term trends in complaints. While recognising the limitations of these measures in the absence of any other measures **it is difficult to conclude with any confidence that the quality of legal services improved over the 2008/09-2011/12 period.**
- 1.18 For confidence in the independence of the legal sector, we have very limited direct measures. Levels of trust in the profession, the judiciary, and the court system, show a mixed picture prior to the LSA reforms. These show trust in the judiciary falling slightly over time but remaining high. We conclude that available sources of information point to **no major changes in the perception of independence of regulation at this stage.**
- 1.19 The link between education and high quality legal services in the absence of measures of actual quality is difficult to establish at this point in time. In the absence of major changes, we await with great interest, the findings of the Legal Education and Training Review<sup>8</sup>, and how the regulators take forward any recommendations.

## **Perspective B. The consumer**

**Outcome 5.** A higher proportion of the public are able to access justice.

**Outcome 6.** Consumers have confidence in the regulation of legal services.

**Outcome 7.** Consumers have confidence in the legal sector.

**Outcome 8.** Consumers are confident and empowered in their dealings with legal services.

- 1.20 In the interim baseline report we recognised the challenges of measuring access to justice, and confined the evaluation to measuring access to legal services. We have developed and published a proposed framework for measuring access to justice<sup>9</sup>. This puts forward 18 different measures designed to address the range of dimensions to access to justice. We recognise that access to justice is a broad concept, and therefore

any attempt to measure it needs an array of different individual elements which must be considered as a whole. We will seek feedback on these proposals in the coming months, and add these to future evaluations.

- 1.21 Other research shows increasing public knowledge of what lawyers do but small decreases in people obtaining advice when they experience a problem. The 2012 Legal Services Benchmarking consumer survey found that only 44% of legal problems experienced by individual consumers resulted in people seeking advice, and only 20% of these problems resulted in a demand for legal services from a reserved legal service provider.
- 1.22 The 2012 Legal Services Benchmarking Survey shows that face-to-face is still a key component in the delivery of legal services – both at first contact and as the main method of communication. Justiciable areas tend to have a higher level of face-to-face contact than transactional, with only 23% of consumers reporting face-to-face as their main communication method for conveyancing problems compared to 62% of consumers with a relationship breakdown problem. Perceptions of legal services as costly persist. Combined with a reduction in consumer wealth driven by CPI inflation, these perceptions could be driving lower levels of service affordability. Further the 2012 Survey of Solicitors Firms<sup>10</sup> found that 28% of firms reporting a decrease in turnover over the past three years had responded by increasing fee levels. Based on this we conclude that **levels of access to legal services has at best remained constant over the 2006/07-2010/11 period.**
- 1.23 In terms of developing a better understanding of consumer confidence, there has been a significant amount of work in the past three years. We rely largely on the findings of the LSCP Consumer Impact Reports (CIR) in 2011 and 2012. For consumer confidence in regulation, a growing proportion of consumers are aware of Legal Ombudsman, but only half feel confident that their rights will be protected in the event of any issues. Without a historical context, we conclude that **there is a significant amount of improvement required in relation to consumer confidence in regulation, and the regulators will need to take the lead over the coming years.** Engagement with consumers is important if they are to have a level of confidence in regulation, but only the SRA has undertaken any consumer research in 2012.
- 1.24 For consumer confidence in the trustworthiness of the legal sector we recognise that this is linked to wider public confidence in the legal sector, which we believe has remained largely constant. Confidence in dealing with legal services is believed to be partly driven by frequency of use of legal services, with large corporate consumers being highly empowered and not subject to the same information asymmetries as individual consumers. Generally, individual **private consumers of legal services appear to show low levels of empowerment<sup>11</sup>, and there is no evidence that this has improved over the 2006/07-2011/12 period.**

### Perspective C. The public

**Outcome 9.** Wide confidence in the law and the legal sector.

**Outcome 10.** An efficient legal system delivering quality legal services at a reasonable cost.

**Outcome 11.** Wide confidence in the standards and ethics of the legal profession.

- 1.25 The public's confidence in the law and standards of the sector is linked to both consumers' and the judiciary's views on legal service providers. It is our view that the public's confidence in the sector is enhanced by growing awareness of consumer complaints mechanisms. This is potentially constrained by legal service provider not making consumers aware of complaints procedures, though it remains too early to assess this. The concern is that confidence in ethics is undermined by approved regulators who do not separate their representative functions from their regulatory functions [in accordance with the LSB's Internal Governance Rules (IGRs)] as highlighted by the LSCP. We conclude that **confidence in the law and ethics of the profession seems to have remained unchanged over the 2008/09-2011/12 period.**
- 1.26 In terms of the efficiency of the legal system, stakeholder feedback on the interim report challenged the efficacy of the proposed indicators, but did not propose any alternatives. Therefore we continue to utilise these proxy indicators based on publicly available information. One indicator of the perception of efficiency is the international demand for legal services provided by organisations based in the UK. The 2005/06-2008/09 period is characterised by growing levels of legal services exports suggesting increased international demand for UK legal services. We use this measure in the absence of quality and price information. Juxtaposed with recent data from Her Majesty's Courts and Tribunal Service (HMCTS) showing a drop in length of court cases, this suggests to us that the **2006/07-2010/11 period is characterised by improvements in efficiency, but increases in prices** (see below section D. The market).
- 1.27 With regard to ethics of the legal profession, in the absence of any data we have no evidence of any **change in the level of ethical concerns over the 2006/07-2011/12 period.** As the framework for measuring ethics in the legal profession, commissioned by the LSB and developed by Professor Moorhead<sup>12</sup>, is taken forward by the regulatory community, future evaluations will be able to use these indicators to undertake a proper evaluation on any change in ethics. This remains a complete unknown for the sector as a whole.

#### **Perspective D. The market**

**Outcome 12.** The market for legal services is more competitive.

**Outcome 13.** More consumers are able to get legal services at an affordable cost.

**Outcome 14.** There is a greater plurality of, and innovation in, legal services offered.

- 1.28 Competition in markets is challenging to measure. What we see in the legal services market is a large growth in the supply of authorised persons as a whole, and relatively small changes in business structures in the 2006/07-2010/11 run up to ABS implementation. This is coupled with the few available price measures – relating mainly

to business-to-business legal services – growing slightly faster than inflation. Indicators – largely relating to private consumers – show falling levels of activity that might translate into demand for legal services. Early findings from the 2012 Survey of Solicitors Firms<sup>13</sup> show that turnover over the last three years had remained the same for 27% of respondents, increased for 42% and decreased for 32%. There is no published information for other authorised persons.

- 1.29 As noted above perceptions of unaffordability remain, but a simple measure shows the proportion of private consumers considering the services they received were value for money increasing from 46% to 58% between 2009 and 2012.
- 1.30 Evidence of out-sourcing or in-sourcing both overseas and to UK regions and nations demonstrates increasing competitive pressures in some areas of the market. Benchmarking research shows 87% of solicitor firms outsourced one or more activities. The largest areas were IT support (44%), accounts and finance (35%). However, only 13% made use of Legal Process Outsourcing (LPO).
- 1.31 **The majority of the market (by number of firms) serving individual consumers are under pressure from exogenous factors (such as government spending cuts impacting on client wealth), but there is limited evidence of an active competitive response.** For example early findings from the 2012 Survey of Solicitor Firms report that 28% of firms experiencing a decrease in turnover over the past three years had responded by increasing fee levels.

#### Perspective E. The investor

**Outcome 15.** A legal market which is attractive to all sources of finance including external investors.

**Outcome 16.** Proportionate regulation allowing an in-flow of capital.

**Outcome 17.** Risk based supervision of legal practitioners.

- 1.32 **For the investor, it remains too early to tell what the impacts of the LSA have been.** In the run up to the introduction of ABS, business finance has been largely limited to bank or partner finance. In the 2012 Survey of Solicitors Firms, 21% of respondents reported problems concerning finance (16% in the case of availability of finance and 10% in the case of obtaining investment).
- 1.33 In the run up to ABS implementation in 2011, investor organisations had been having discussions with law firms, according to trade media, and at least one guide on how to float a law firm has been published by an accountancy firm. As of June 2012 the SRA had received 74 applications and granted five ABS licences<sup>14</sup>. At the end of August 2012 there were 32 organisations listed on the licensed bodies register, through three of these licences relate to one organisation. The CLC regulates seven ABS firms providing probate and conveyancing reserved legal activities<sup>15</sup>. Among these firms there is a range of new investment, including private equity firms, stock market floatation, foreign stock market ownership, and expansion of consumer and retail brands. The SRA report that the personal injury market remains a particularly popular area for investment<sup>16</sup>.



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These are initial figures and only time will tell if it is sustainable rather than just a demonstration of initial enthusiasm.

## Overall

- 1.34 In many areas, we have identified gaps in data; some can be filled and we will be working with the approved regulators to fill these where possible. In other areas, data is both unavailable and also unlikely to become available. This will remain a shortfall in the analysis that we will endeavour to fill with proxies. Section 5 sets out the specific plans to add to the dataset in the next year and we will maintain our efforts to identify and develop further indicators in future years as we make this an annual publication. However, it will always be very challenging to keep track of such a disparate markets. It will only be in future years that we are able to determine whether the market has changed in the way the Legal Services Act envisaged and the extent to which the changes initiated by the Act itself contributed both directly and indirectly to those outcomes.
- 1.35 A similar level of caution needs to be exercised in determining the baseline position and any changes from it in the last 5 years. The assessment in this report necessarily represents a backward look over this period, with the market impacts of the LSA yet to be fully felt. We reach the view presented with a level of caution because of the range of missing information, and the mixed picture provided by available indicators. This report highlights some lead indicators of positive movements towards our desired outcomes, which we will monitor and evaluate in the years to come.
- 1.36 With these caveats, our conclusion is that during the 2006/07-2011/12 period the overall movement towards achieving desired outcomes was largely static, though some very tentative positive movement has been made in terms of consumer empowerment, new entrants, and the developments in branding. This is arguably a counter intuitive result, given the general state of the economy in recent years which might have led to expectations of slippage in significantly more indicators than has been the case. The reasons for this are difficult to determine. In part, it probably reflects the counter-cyclical nature of legal activity, as economic distress in other sectors contributes to increasing legal workloads. But it might also, at least to a degree, reflect the beginnings of a process of renewal and strengthening within the industry, prompted by firms and practitioners seeking to strengthen their practice and business model in anticipation of both greater competition and new opportunities as the reforms initiated by the Act were anticipated and then began to be implemented. Given the limitations of the data, we will continue to test and challenge this conclusion in the years to come.

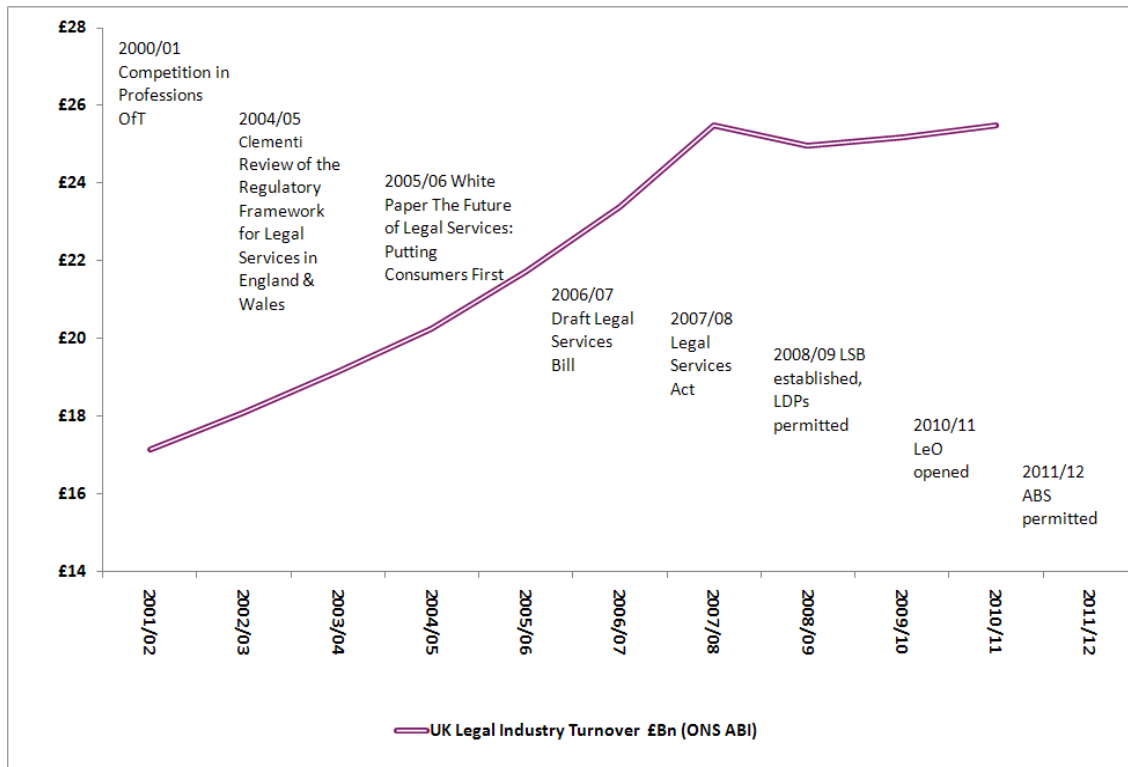
## 2. Context and amendments following the interim baseline report

- 2.1 The legal services market is undergoing significant change as a result of a number of factors including the LSA. The LSA aims to reform and modernise legal services by putting the interests of consumers at the heart of the legal system. We set out our intention to evaluate the market impacts of the LSA in the Evaluation Framework published in April 2011, and in April 2012 we published our interim baseline report using the evaluation framework. In this report, we draw on the feedback received and the findings of a range of new research to update and refresh this evaluation and provide a baseline against which to measure change.
- 2.2 The final 2012 baseline report mainly draws on the findings from two new large research projects looking at elements of demand and supply. The recent Legal Services Benchmarking Survey of individual consumer needs looked across 28 different types of legal problems<sup>17</sup>. The survey uses a legal needs approach, and covers the types of problems experienced by individuals, how they responded to them, and the levels of satisfaction with legal services provided. The scope of this research covers both welfare and rights issues and more transactional legal services – a broader range of categories than existing research in this area. From the supply perspective we use the early findings from a forthcoming research report into the supply of legal services by solicitors' firms - 2012 Survey of Solicitors' Firms. The full findings of this research project, undertaken in conjunction with the Law Society and Ministry of Justice, are due to be published later this year. These two reports combined with other newly available data allow us to address some of the gaps in knowledge identified and provide a fuller baseline of the legal services market from which to monitor change going forward.
- 2.3 As set out in the LSB's Evaluation Framework, the market we are evaluating and the reforms we are introducing are complex, and therefore require the monitoring of a range of outcomes and indicators. Following consultation with regulators, we did not set out specific targets, but instead highlighted 17 outcomes that we evidence with a series of indicators, to explore whether the outcomes have been met. These outcomes are spread across five different perspectives – the provider, the consumer, the public, the market and the investor.
- 2.4 For each perspective, individual indicators will not provide conclusive evidence of the success or failure to meet objectives. Nevertheless, a number of indicators together can provide robust evidence of success or failure. By developing a basket of indicators for each outcome a more valid, reliable, and rounded assessment of progress can be made. We do not seek to determine causality of changes, but rather describe what available information tells us about how the legal services market has changed. These indicators are largely drawn from the framework developed by Oxera to monitor changes in the legal services market.<sup>18</sup>
- 2.5 Some felt that this Evaluation Framework was too complicated, with significant overlaps between the different perspectives and outcomes. However we think this reflects the complex environment of legal services, with different elements being interwoven, and affords the necessary flexibility to capture future changes. For example from the

consumer perspective an outcome where a higher proportion of the public being able to access justice, may be a result of a more competitive market meaning lower cost legal services – an area covered in the market perspective.

- 2.6 Reserved legal services are provided by a set of nine different professions, complemented by a whole range of unregulated legal service providers delivering unreserved legal services. Changes to legal services are driven by a wide range of factors – economic, governmental, as well as regulatory – and the current data poor environment negates the ability to isolate the specific impacts of any one change which might be possible in sectors with a less complex make up of suppliers. Based on these considerations we have come to the view that this framework offers the flexibility necessary to address all these issues.
- 2.7 Some feedback suggested using a longer time period for the consideration of trends in the legal services market – in particular to account for the impacts of the recession in 2008/09. The baseline year was specifically chosen as 2006/07 the year in which the Legal Services Act came into being – giving a level of certainty to the reforms not prevalent in the Clementi review or the subsequent White paper. The reform timeline shown in figure 1 below, shows that as at 2006/07 the Clementi Report had been published, and the Legal Services Bill was being debated and discussed. This was also the year that the Ministry of Justice (MoJ) came into being, which was responsible for guiding the Legal Services Bill through parliament to Royal Assent in 2007, working with approved regulators throughout this period, and establishing the LSB in 2009. On that basis we believe that 2006/07 remains the best choice as baseline year, but have included data from earlier time periods where that data is publicly available. The evaluation specifically includes a brief assessment of the wider economic environment in Section 3 to ensure that the impacts of the recession are not lost in consideration of the past trends.
- 2.8 It is worth reiterating that much of our approach here is determined by the considerable lack of data in this sector. While much feedback considered better ways of analysing the market without the data necessary to make these approaches viable, or a significantly increased amount of research, these ideas are aspirational in nature and not practical in application. Not one of the regulated community has reliable publicly available time series information on the price of legal services, the clients groups served by those they regulate, or the quality of legal services provided, to highlight a few examples.
- 2.9 How the regulatory community improves its evidence base in the future years will be a determining factor in how successful we are collectively in delivering proportionate targeted consumer focused regulation. Our approach continues to be to utilise existing published information and so involve no additional regulatory burden on the sector, but also push the regulatory community to be more transparent with information and research.
- 2.10 However, we recognise that this approach means we only have a partial picture of changes in the legal services market. Gaps in knowledge are highlighted throughout this report, and summarised in section 5.

Figure 1. Timeline for legal services regulatory reform



### 3. Environmental context

- 3.1 Changes to the legal services market must be viewed against the wider economic and political changes across England and Wales during the period under review.
- 3.2 The Legal Services Bill received Royal Assent in 2007, and the LSB came into being in 2009. Since then there have been 7 quarters with negative economic growth of Gross Domestic Product (GDP), and the rest with growth well below an annualised rate of 2.5%. Figures for the UK economy published in August 2012 show a 0.4% contraction in real GDP between April-June 2012. The current Office for Budget Responsibility (OBR) forecasts<sup>19</sup> show that the UK will not reach the long term trend rate of growth until 2014/15, with the figures for the years 2011/12 through to 14/15 being 0.8%, 0.8%, 2% and 3%.
- 3.3 Associated with the changes in GDP are growing levels of unemployment and inflation, alongside a fall in real incomes. In 2007, unemployment was at 5.2% of the workforce, peaking at 8.2% January-March 2012, and falling back to 8% in April-June 2012<sup>20</sup>. Unemployment is expected to fall back again to 6.2% by 2016. Household disposable income has fluctuated over the 2007-2012 period, growing by 1.6% in 2009, before reaching a nine year low in January-March 2012<sup>21</sup>. The OBR reports that consumer spending will remain broadly flat in real terms over 2012/13 before picking up as real household disposable income starts growing again.
- 3.4 Government activity has an impact on the legal services market, most directly through general legislation and reforms introduced by the MoJ. Over the period 2008/09-2010/11 there was a range of changes to legal aid remuneration for solicitors and barristers. While overall spending has remained largely constant at 6-8% of total industry turnover, individual providers of legal aid services have faced changes to levels of remuneration, with funding being redistributed across suppliers affecting around 25% of all solicitors firms and around 24% of self employed barristers. The Legal Aid, Sentencing and Punishment of Offenders Act 2012 introduced a significant raft of reforms, coming into effect in 2013. These include changes to the funding of personal injury and clinical negligence cases, a ban on referral fees, elements of the Family Justice Review designed to reduce volumes of court hearings, changes to the scope of small claims courts, and legal aid reforms removing some categories of work from scope. It is expected that pressures on public sector spending have impacted on the use of external legal services in the public sector, possibly through greater use of in house legal services or renegotiation of professional service procurement arrangements.<sup>22</sup>
- 3.5 Specifically what the combined impact of these factors is on the legal services market is unclear. However when looking at the environmental context, available evidence points to a contraction in the overall demand for legal services between 2006/07-2011/12. We use a set of proxy indicators in the absence of any data on the actual volume of demand for legal services.

**Knowledge Gap 1 – Volume of consumers using legal services over time.**

Figure 2. List of 25 proxy indicators of demand for legal services.

No	Proxy indicators of demand (Data source)	Segmentation dimensions			Main category of law <sup>24</sup>
		Main consumer group <sup>23</sup>			
		Private	Business	Gvmt.	
1	Probate grants on application by solicitors (Ministry of Justice)	X			Wills, trusts and probate
2	Residential property transactions (HM Revenue and Customs)	X			Conveyancing
3	Approvals for residential remortgage lending (Bank of England)	X			Conveyancing
4	Total Divorce Petitions (Office for National Statistics)	X			Family
5	Family Court Proceedings (Ministry of Justice)	X		X	Family
6	Cases registered with Compensation Recovery Unit - Excluding Clinical Negligence. (DWP)	X	X		Injury
7	Claims to NHS for Negligence (NHS Litigation Authority)	X		X	Injury
8	Police Station Advice (Legal Services Commission)	X	X		Crime—defence
9	Crown Court Trials (Ministry of Justice)	X	X	X	Crime—defence Crime—prosecution
10	Magistrates' courts criminal trials (Ministry of Justice)	X	X	X	Crime—defence Crime—prosecution
11	Employment Tribunals where clients represented by a lawyer (Ministry of Justice)	X	X		Employment
12	Trademark Applicants using a Lawyer (Intellectual Property Office)	X	X		Intellectual property rights
13	Total Patent Applications (Intellectual Property Office)	X	X		Intellectual property rights
14	Non Family Civil Proceedings (Ministry of Justice)	X	X		Welfare and benefits Property, construction and planning Other business affairs
15	Immigration - Inflow of Non EU citizens into the UK (Office for National Statistics)	X	X	X	Immigration and nationality
16	UK Business births (Office for National Statistics)		X		Corporate structuring and finance
17	UK Business deaths (Office for National Statistics)		X		Other business affairs
18	Cross border and UK national mergers, acquisitions, and disposals (Office for National Statistics)		X		Corporate structuring and finance
19	Company incorporations (Companies House)		X		Corporate structuring and finance

20	Commercial property transactions (HM Revenue and Customs)		X	Other business affairs
21	Insolvency petitions - County Court (Ministry of Justice)		X	Other business affairs
22	Commercial Arbitrations and Mediation (The City UK)		X	Other business affairs
23	Chancery Division - proceedings started (Ministry of Justice)		X	Other business affairs
24	Commercial Court - Claims issued (Ministry of Justice)		X	Other business affairs
25	Technology and Construction Court caseload (Ministry of Justice)		X	Property, construction and planning

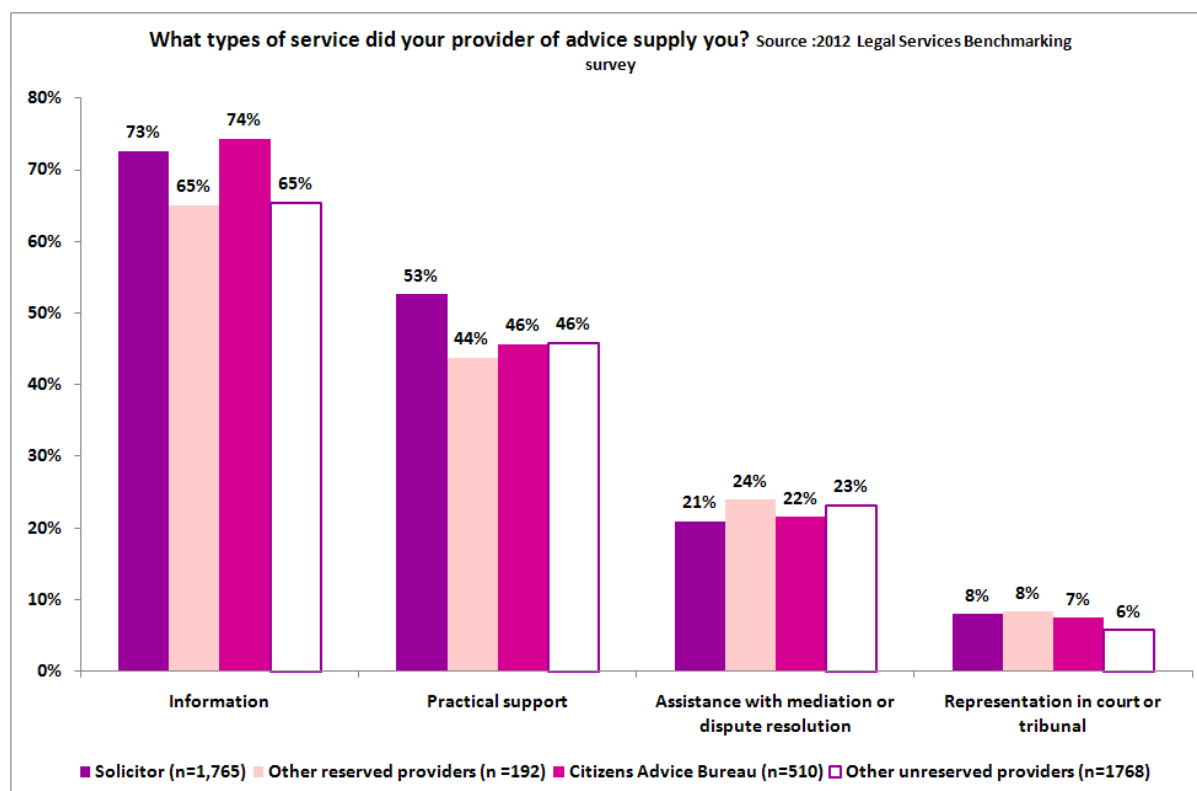
3.6 Recognising that the legal services market is comprised of a number of different markets, we present these 25 proxy indicators measuring trends in the volume of demand during the 2006/07-2010/11 period. The 25 indicators are listed in Figure 2 above, with reference to the main consumer groups and the categories of law they relate to.

3.7 These indicators provide a broad coverage across all of the different segments<sup>25</sup> of the legal services market. They represent a mix of measures of wider economic activity that drives incidence of legal need, and actual measures of demand for legal services. These are indicators covering a range of different points in the legal issue resolution process. They are all drawn from regularly published data, provided by government agencies and departments. However they remain proxy indicators of demand as they do not capture three key areas:

- a **Changes in how consumers respond to legal problems:** A consumer faced with the incidence of a legal issue can choose to handle that issue alone, as opposed to seeking legal advice. This is most reported on in relation to large corporations keeping legal work in house, rather than using external law firms<sup>26</sup>, but there are also direct measures as shown in proxy indicators 1, 11 and 12 largely relating to private individuals. This could be driven by changes in application processes making a transactional legal issue easier to deal with alone. Further, measures of total numbers of, for example, court proceedings do not mean that legal counsel is used – some may choose to conduct litigation themselves for a variety of reasons.<sup>27</sup> This is explored further in section B below.
- b **Changes in the level of cases that settle before court proceedings are issued:** Behind each court related measure, it is recognised that there will be a proportion of incidences where legal advisers are used but these disputes never come to court, and this ratio may also be changing overtime in civil and commercial matters. Tighter finances may mean individuals and companies are more willing to settle cases earlier and avoid the costs of further litigation<sup>28</sup>. Analysis of cases progressing through the Commercial Court in England and Wales shows that in 2006, 7.5% of claims issued went to trial, compared with 4.4% in 2009. This rose to 7% in 2010. The trend in the Commercial Court is for more claims being issued between 2007/08 and 2009/10, but proportionally less trials actually taking place.<sup>29</sup> Therefore a falling number of cases being heard in court does not in itself translate into falling demand for legal services.

**c Changes in the use of advice for risk management:** It is recognised that a significant part of the work of legal advisers will be to support their customers in avoiding legal issues, providing information, and managing risks. For example, this could include providing legal opinion to policy makers in government, advice on how to comply with a new piece of regulation for business consumers, or information on whether to take proceedings for an individual consumer. The 2012 Legal Services Benchmarking Survey<sup>30</sup> shows the significant use of legal service providers for information and practical support, shown in figure 3. Clearly this will vary across different types of legal issues, but shows the prominence of demand for information and practical support in comparison to dispute resolution and representation in court. With regard to business consumers of legal services, a 2010 survey of in-house counsel by Legal Week Intelligence<sup>31</sup> reported a growth in demand arising from new law and regulation, such as the Bribery Act 2010. However, Sweet & Maxwell recently reported<sup>32</sup> that 2011 saw the lowest level of new laws in the UK since 2001. They reported that the total number of Acts and statutory instruments in 2011 was 1,727, eight per cent lower than the figure for 2010, representing just 63% of the 2011 level. The number of amendments to existing legislation fell by 16 per cent, to 25,708 in 2011 compared to 30,614 the previous year, down from a high of 34,681 in 2005. There was a peak in the number of new laws in 2001, when 2,725 were introduced.

**Figure 3. Types of services provided to individual consumers for all legal issues**



3.8 Therefore, these are partial indicators of demand, showing trends in an element of each of the main legal services market segments, and not deep insight into the underlying changes taking place. Where data is available we have added in findings for the 2011/12



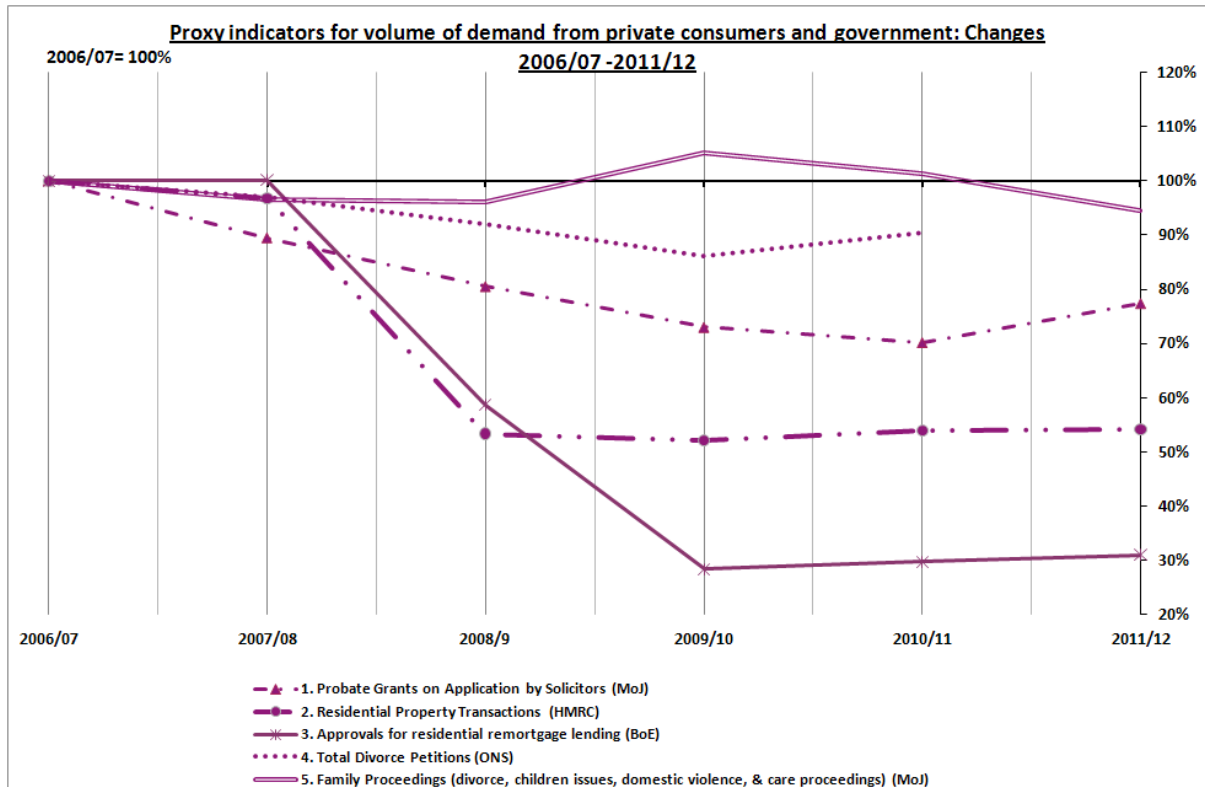
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period. Following feedback in response to the interim baseline report, we have replaced the previous measure of changes in road traffic accidents with the more appropriate measure of the number of cases registered to Department of Work & Pensions Compensation Recovery Unit (CRU).

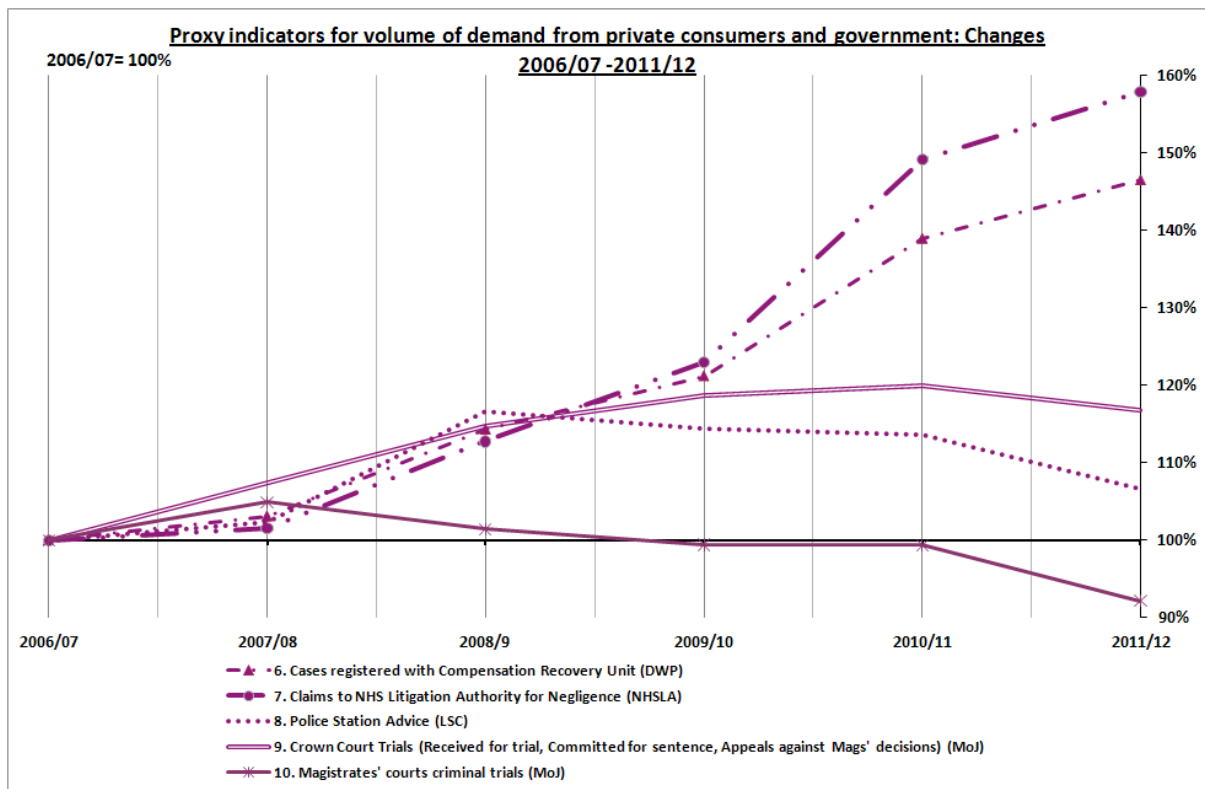
3.9 Overall trends remain largely as in the interim baseline report, and as a group these indicators generally point to lower levels of activity that might generate demand for legal services from both private consumers and business consumers. For private consumers this is shown in figures 4 and 5 below. The number of residential property transactions is running at 54% of 2006/07 levels in 2011/12, and remortgaging at 31%. The fall in actual demand for solicitor services with regard to applications for probate is more steady, falling year on year to 70% of 2006/07 levels in 2010/11, but rising to 77% in 2011/12. In comparison, the level of family proceedings is largely static, although divorces have fallen over the same period. A fall in volumes in 2011/12 can be contrasted with growth between 2007/08 to 2010/11 of criminal proceedings at the Crown Court, with large increases in the volume of cases received for trial, and increases in advice delivered at the police station, as shown in figure 5. National Health Service litigations for negligence were 158% of 2006/07 levels in 2011/12, and cases register with the CRU at 146%. It is not known what has driven these increases.

3.10 With regard to the proxy indicators relating to both individual and business consumers, there is a mixed picture shown in figure 6 below. Increases in the actual use of lawyers for employment tribunals can be contrasted with falls in the actual use of lawyers for making trademark applications. Feedback on the interim report suggested the fluctuation in the employment tribunal figures is most likely driven by the impacts of legislative changes<sup>33</sup>. This is against a background of falling patent applications, and non-family civil court proceedings covering such areas as breach of contract, defamation, and claims for the recovery of money.

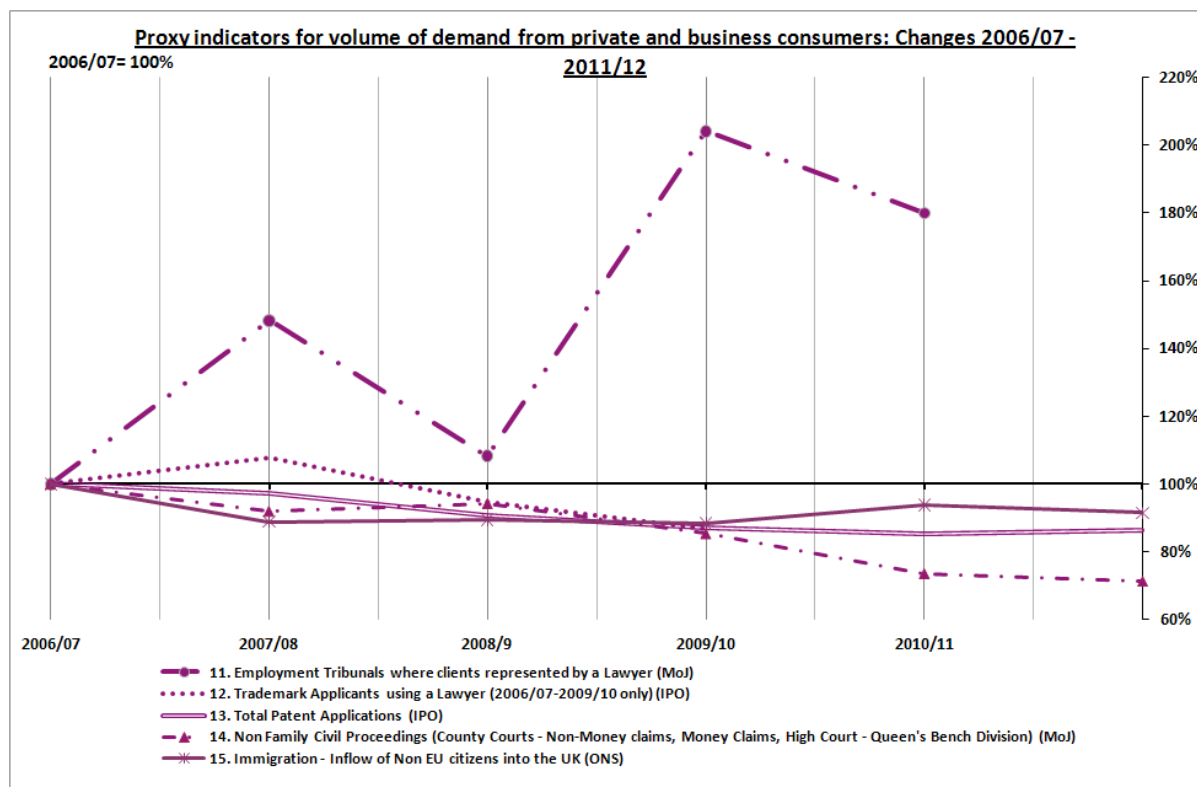
**Figure 4. Major fall in residential property transactions and remortgage approvals, and a steady decline in the actual demand for solicitor services for probate grants**



**Figure 5. Growth in criminal trials and NHS litigation**



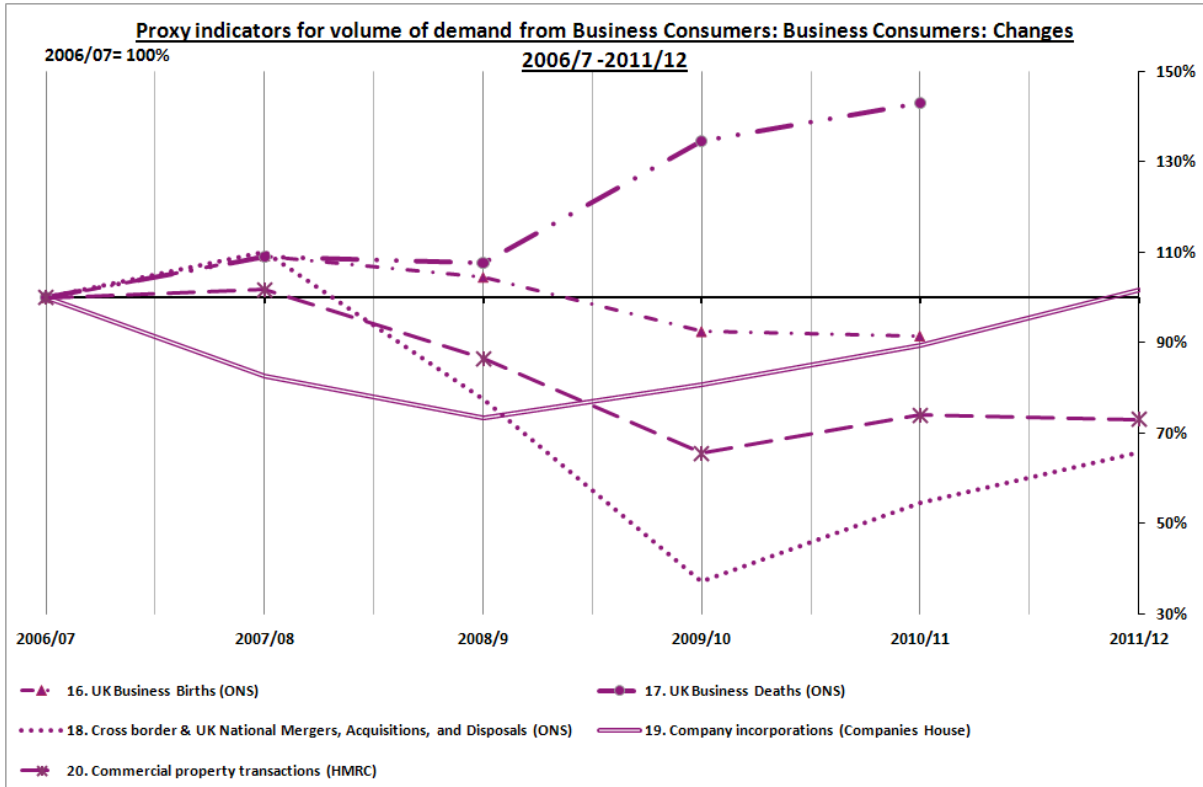
**Figure 6. Increases in Employment Tribunals where clients are represented by a lawyer, contrasted with falls in other private and business consumer indicators**



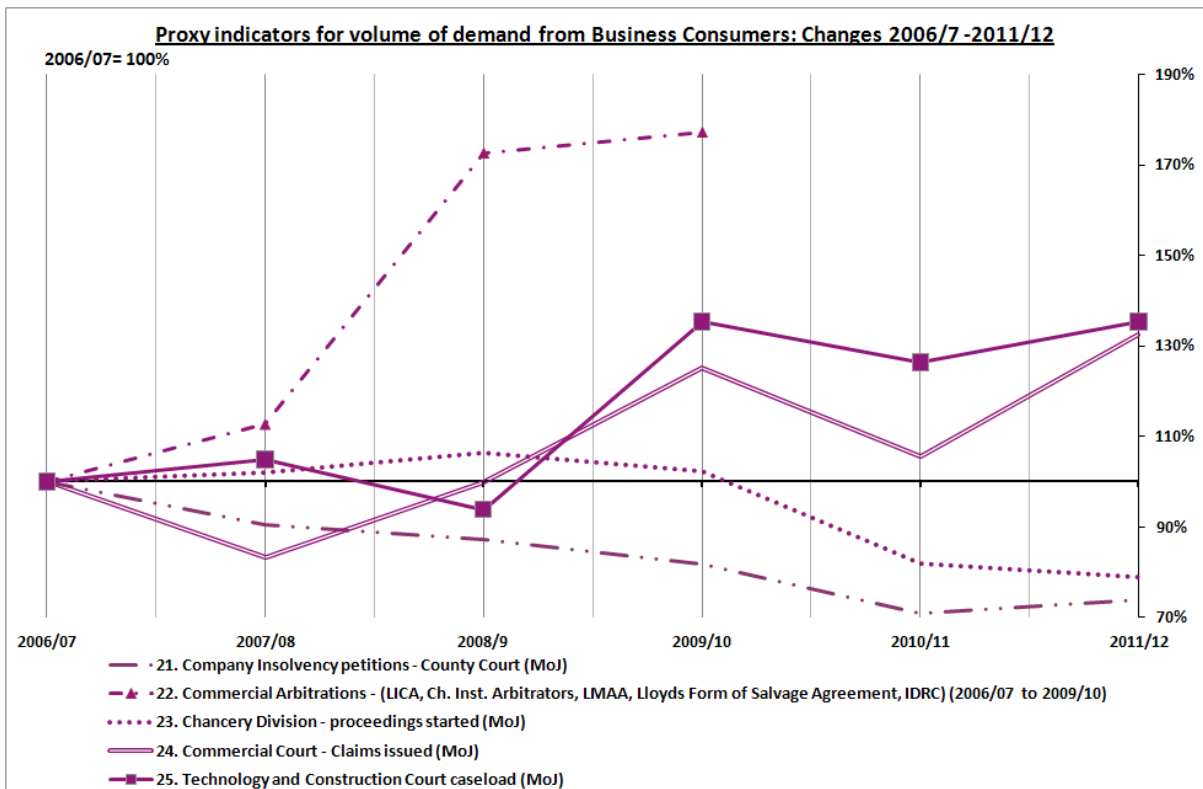
3.11 For business consumers of legal services, Figures 7 and 8 show a similar fall in commercial property transactions as with residential, and an increased rate of business deaths<sup>34</sup> within the UK. Mergers and acquisitions volumes - a key indicator of levels of work for City firms - show a significant drop at just 55% of 2006/07 levels in 2010/11, but rising to 66% in 2011/12.<sup>35</sup> Other research suggested reductions in work for City law firms in banking and finance in 2011.<sup>36</sup> Significant increases in the use of commercial arbitration – at 177% of 2006/07 levels in 2009/10 – can be contrasted with smaller falls in the proceedings at the key commercial courts.

3.12 Combined, these indicators suggest falling demand for legal services across the majority of areas, with growth in demand in some specific areas including criminal trials, personal injury, employment tribunals, and business dispute resolution methods.

**Figure 7. Large falls in commercial property transactions and mergers and acquisition activity, contrasted with increases in the business death rate**



**Figure 8. Increased volumes of commercial arbitrations**



#### 4. Perspectives and Outcomes

4.1 The LSB Evaluation Framework<sup>37</sup> identified 17 outcomes, spread across five different perspectives, to be considered in evaluating the impacts of the LSA. These are shown in figure 9 below.

**Figure 9. Perspectives and Outcomes**

Perspective	Outcomes
<b>A. The provider</b>	<ol style="list-style-type: none"> <li>1. Diversity of the legal sector shows greater similarity to the client population.</li> <li>2. Quality of legal services is improved overall compared to 2009.</li> <li>3. The profession, judiciary and public maintain confidence in the independence and reputation of the legal sector.</li> <li>4. Education and training of the legal workforce supports the delivery of high quality legal services.</li> </ol>
<b>B. The consumer</b>	<ol style="list-style-type: none"> <li>5. A higher proportion of the public are able to access justice.</li> <li>6. Consumers have confidence in the regulation of legal services.</li> <li>7. Consumers have confidence in the legal sector.</li> <li>8. Consumers are confident and empowered in their dealings with legal services.</li> </ol>
<b>C. The public</b>	<ol style="list-style-type: none"> <li>9. Wide confidence in the law and the legal sector.</li> <li>10. An efficient legal system delivering quality legal services at a reasonable cost.</li> <li>11. Wide confidence in the standards and ethics of the legal profession.</li> </ol>
<b>D. The market</b>	<ol style="list-style-type: none"> <li>12. The market for legal services is more competitive.</li> <li>13. More consumers are able to get legal services at an affordable cost.</li> <li>14. There is a greater plurality of, and innovation in legal services offered.</li> </ol>
<b>E. The investor</b>	<ol style="list-style-type: none"> <li>15. A legal market which is attractive to all sources of finance including external investors.</li> <li>16. Proportionate regulation allowing an in-flow of capital.</li> <li>17. Risk based supervision of legal practitioners.</li> </ol>

4.2 Some of the feedback to the interim baseline report suggested the LSB should use a simplified evaluation framework, highlighting the degree to which these outcomes overlap, with the same indicators used in more than one outcome. Having considered this feedback we remain of the view the Evaluation Framework reflects the complex environment of legal services, with different elements being interwoven, and affords the necessary flexibility to capture future changes. For example from the consumer perspective an outcome where a higher proportion of the public being able to access justice, may be a result of a more competitive market meaning lower cost legal services – covered in the market perspective. The framework is drawn directly from the regulatory objectives as laid out in the LSA.

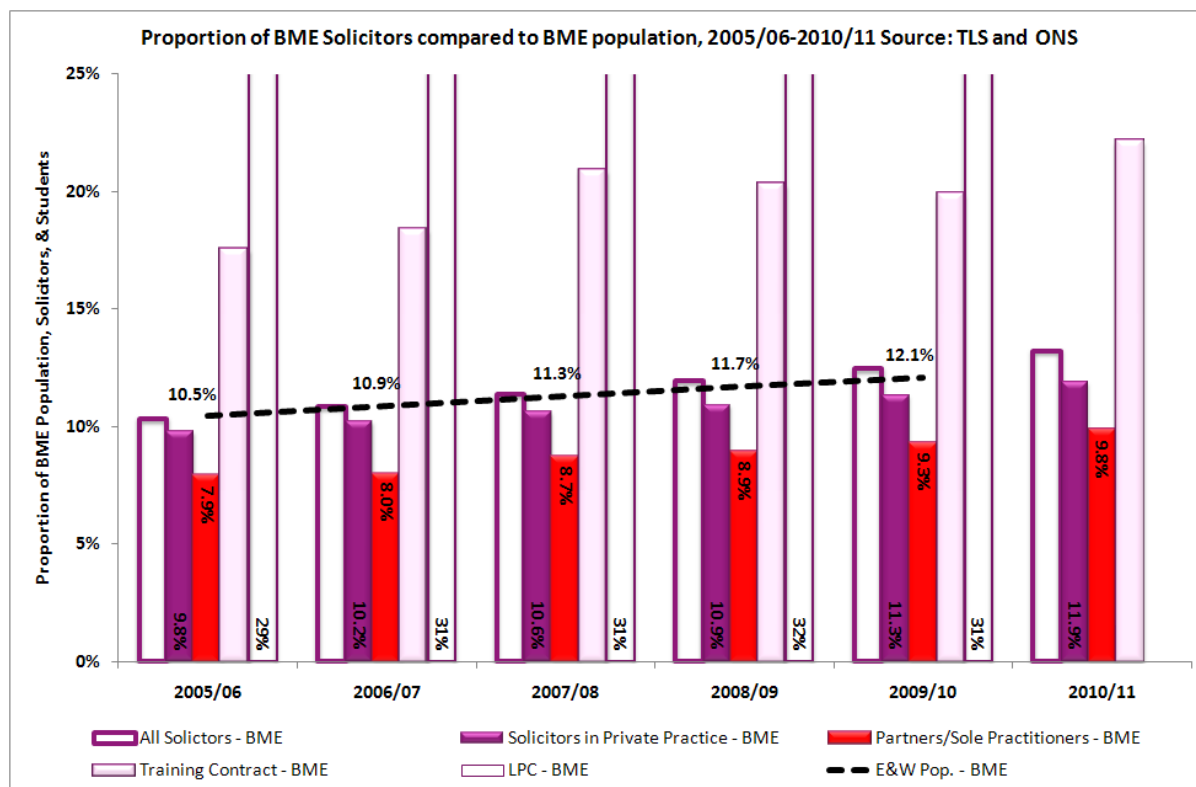
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- 4.3 Some felt that the use of the term stakeholder to describe the market was erroneous. On a conceptual level we agree that the market is not a stakeholder but the system through which the other stakeholders have the opportunity to achieve their goals. Therefore we have amended the terminology used, and we look at legal services from five different perspectives, as opposed to stakeholder groups.
- 4.4 A detailed analysis of each of the indicators relating to outcomes by perspective is presented on the following pages, with a summary of findings at the beginning of each section. This summary is based on a triangulation of what the available indicators show. Over the past six months we have taken steps to address some of the missing indicators and removed those that were considered to be too opaque. However the remaining missing indicators are shown at the end of each section, and knowledge gaps are highlighted throughout this assessment.

## A. The profession

### Outcome 1. Diversity of the legal sector shows greater similarity to the client population

- A.1.1 In 2012, only the Solicitors Regulation Authority (SRA) and the Bar Standards Board (BSB) collected and published data on diversity of their members and regulated community respectively.<sup>38</sup> The SRA website contains a significant amount of diversity information covering the 2008-2011 period. As the SRA regulate entities in addition to individuals, other authorised persons are captured in their data collection on diversity but this data is not published or analysed on a systematic basis. In 2009/10, around 40% of fee earners in firms regulated by the SRA were not solicitors.<sup>39</sup> The Chartered Institute of Legal Executives (CILEx) published a survey of the diversity of its membership as at 2008.
- A.1.2 A number of the approved regulators do not collate information on the demographics of their regulated sectors. This results in a lack of awareness of the overview of the market, resulting in diversity barriers not being identified, and, therefore, not addressed.<sup>40</sup> In 2011 the CLC and the Master of Faculties (MoF) only collected data on member's gender and age. The Institute of Trade Mark Attorneys (ITMA) and the Chartered Institute of Patent Attorneys (CIPA) collected data on the university attended, qualification gained and gender. There is no evidence gathered on socioeconomic background, disability and race of these individuals, nor is summary analysis of diversity data published.

**Figure 10. Proportionate increases in BME solicitors in private practice and in BME partners, against a backdrop of growing BME population**

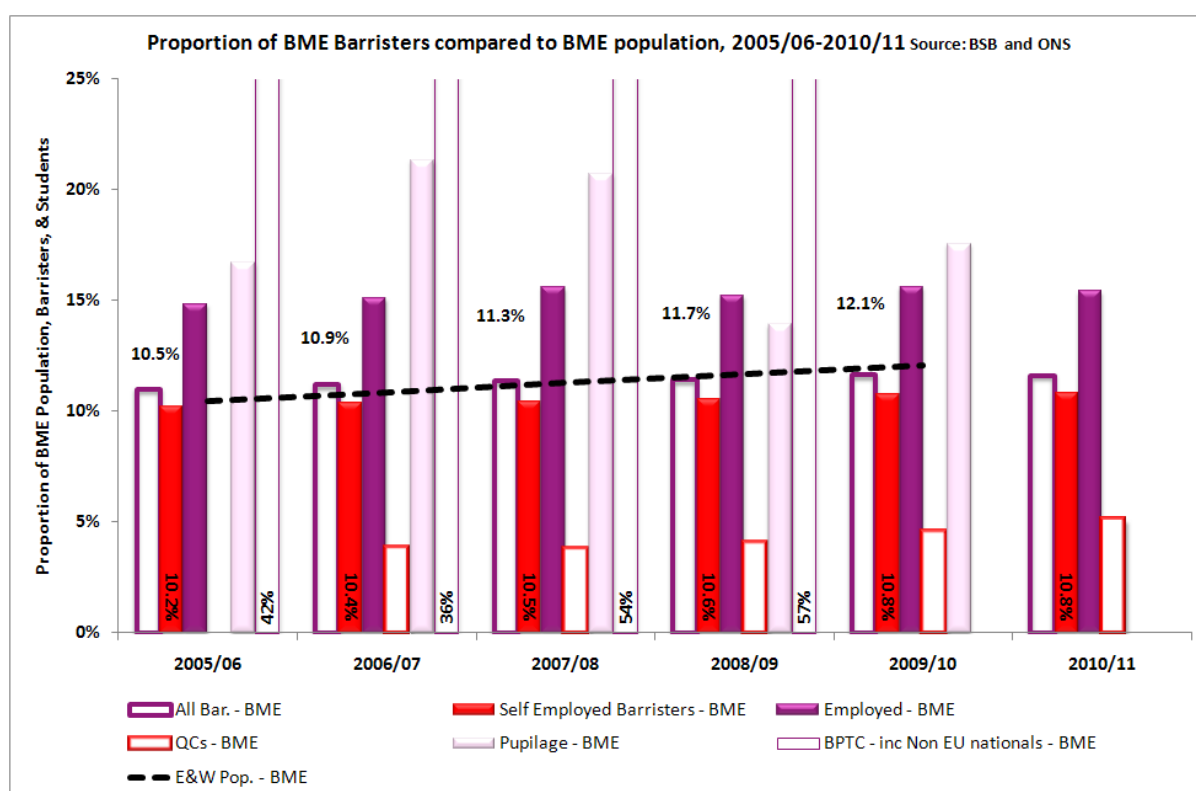


## Knowledge Gap 2 – Diversity of all authorised persons and legal services staff employed

A.1.3 To address this, the LSB has issued guidance to regulators to collect diversity data from those they regulate, mandating the publication of statistics at a firm level. The approved regulators began implementing these plans from April 2012. We expect that the data will be available from April 2013. We also expect that this information will allow a more in-depth analysis of diversity including breakdown information on ethnicity and socioeconomic background.

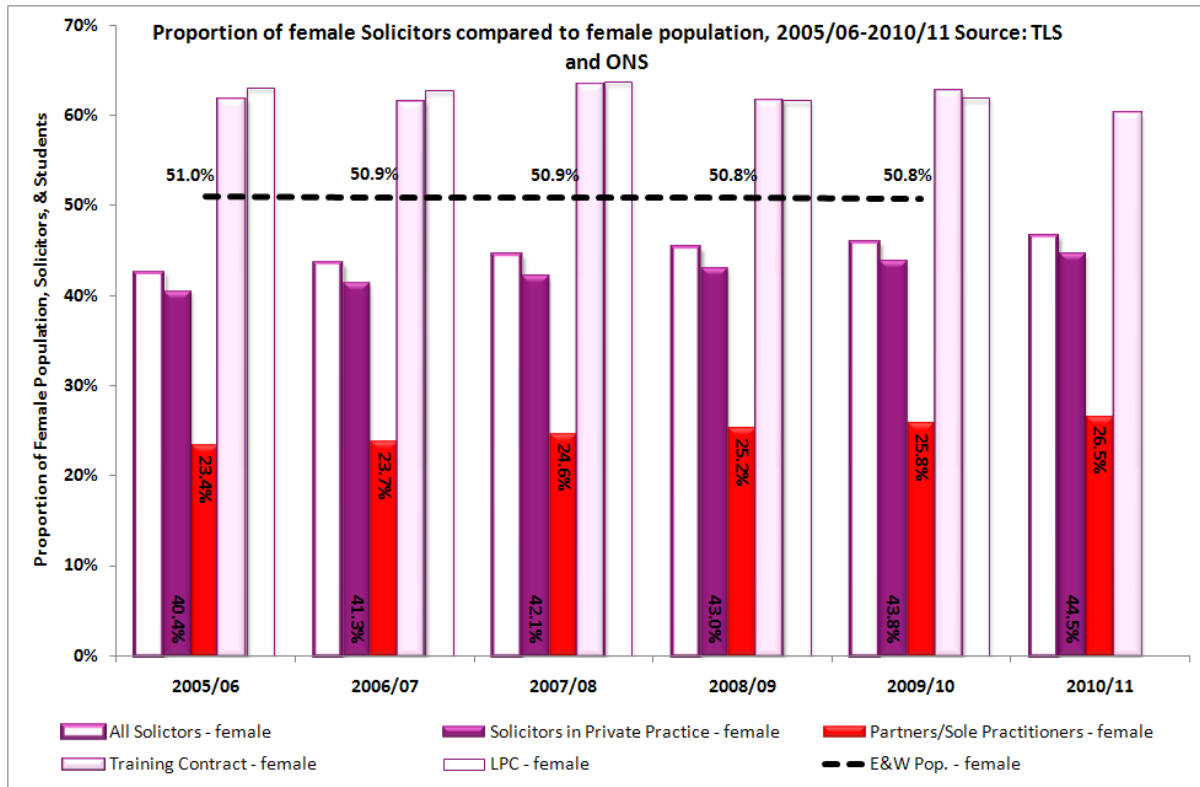
A1.4 With available data, we can analyse the changes in solicitors and barristers over the review period. The proportion of BME solicitors compared to the population is shown in Figure 9 above. This also shows different groupings of solicitors, showing the proportion of solicitors as a whole, those working in private practice, those who are partners as a proxy measure for business owners, and for those at entry points into the sector. Plotted against this is the trend for changes in the BME population of England and Wales. Diversity data for the population of England and Wales is used as a comparator in the absence of the diversity of information on the client base served. This is baselined against 2005/06 because of data lags in this area.<sup>41</sup>

**Figure 11. Small but growing gap between proportion of self employed BME barristers and BME population, and little change in the proportion of BME QCs**

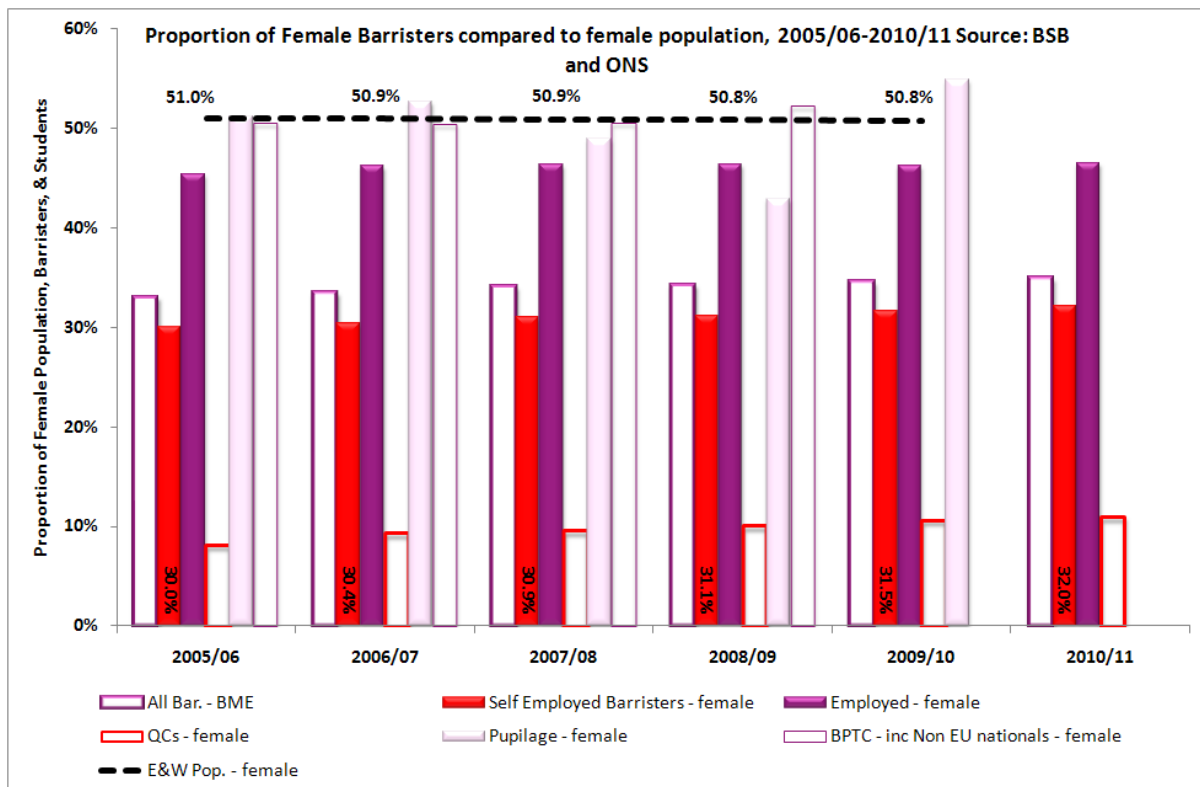




**Figure 12. Growth in female solicitors in private practice against falling proportion of female population, but continued low levels of female partners**



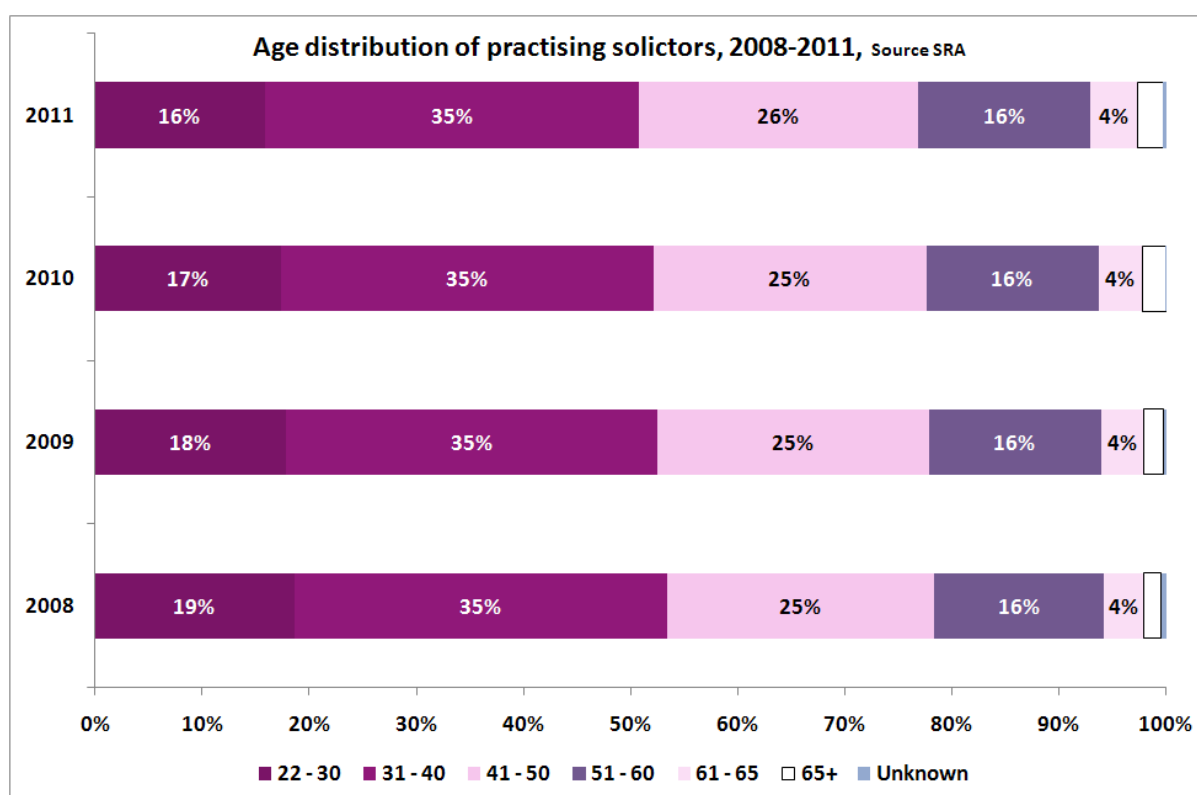
**Figure 13. Very small increases in the proportion of self employed female barristers and female QCs**



A.1.5 Figure 11 shows the same information for barristers with Queen’s Counsel (QC) representing the most senior level. Figures 12 and 13 show the proportion of female solicitors and barristers respectively. Recent change shows that the ethnicity of pupils at the Bar increased despite overall reduction in pupillages, from 515 in 2009/10 to 444 in 2010/11 – a drop of 14%.

A.1.6 The SRA’s monitoring data<sup>42</sup> shows a largely static proportion of solicitors with a disability between the 2009-2011 periods, with around 1% of solicitors reporting they have a disability. It is not clear what level of seniority they are and in what areas they work. Other monitoring data shows the age distribution of practising solicitors staying largely constant over the past 4 years, though small falls in the proportion aged 22-30.

**Figure 14. Largely constant age distribution of practising solicitors**



A.1.7 For both solicitors and barristers, there are large differences in diversity when looking at different stages of a legal career. Entry-level indicators such as students on a Legal Practice Course or the Bar Professional Training Course show overrepresentation when compared to the diversity of the population of England and Wales. While there have been changes in overall diversity statistics for solicitors and barristers in the past, available information shows significant differences in entry-level diversity, but career progression challenges remain.

A.1.8 In May 2010 the Law Society published the findings from a series of focus groups conducted by the Law Society with BME practitioners, in October-November 2009.<sup>43</sup> This found five key barriers around the themes of; flexible working practices

organisational culture, business infrastructure, measurements of professional achievement, and the perceptions of women

A.1.9 A survey undertaken in 2007 of the self-employed Bar showed that female barristers in comparison to male barristers are disproportionately junior and that area of specialisation is strongly related to both gender and ethnicity. The research reports on “*marked differentials in income by gender and ethnicity, with 21% of white men billing less than £80,000, whereas 39% of BME men do so, 44% of white women, and more than half, 54%, of BME women. Women are also more likely to be billing between £80,000 and £125,000 than men. Over 80% of BME women bill less than £125,000 compared with 43% of white men.*”<sup>44</sup>

A.1.10 More recent research by the BSB<sup>45</sup> shows for self-employed barristers there are very different demographic profiles across different categories of work, with BME and female barristers working in areas associated with public funding. Twice as many women work in family as in any other practice. BME barristers are most likely to work in civil law (14%) and family (10%). Publicly funded work dominates crime (87%) and family (58%). The larger proportion of BME and female barristers in these areas is similar to the situation with diversity and solicitors turnover. LSB analysis of SRA data suggests that a greater proportion of BME firms undertake work in immigration, crime, and family compared to non-BME firms. Furthermore, 23% of all BME firms derive more than 50% of their income from public funding compared to just 7% of non-BME firms.<sup>46</sup>

A.1.11 In 2011, a study by the University of Westminster found that stereotyping and (perceived) bias act as barriers for women and BME lawyers from furthering their careers. Inequalities in pay and status are among factors causing them to abandon their careers in disproportionately high numbers.<sup>47</sup> However, recent data published in *The Bar Barometer*<sup>48</sup> reports that the proportion of BME barristers after five years call is lower than after 15 years call – 7.7% compared 8.8% - suggesting better rates of retention. For female barristers high entry levels at the Bar have not translated into better gender diversity at senior levels – post 12 years call. The report stresses that this is strongly correlated with other factors such as accessibility of childcare.

A.1.12 As the approved regulators begin to collect and publish more comprehensive information on diversity, we will be able to understand the diversity of other branches of the regulated legal sector, and consider all elements of diversity. Collectively the existing indicators point to little change in terms of the representativeness of the sector compared to the wider population, especially at senior levels.

**Figure 15. Missing indicators for measuring Outcome 1**

Missing Indicators	Information Source	Date available
Diversity data on all Authorised Persons broken down by demographics and role within legal service organisations	Approved Regulators	October 2013
Diversity statistics for the population of England and Wales 2010/11	ONS	November 2012

## Outcome 2. Quality of legal service is improved overall compared to 2009

A.2.1 Some of the feedback on the interim baseline report challenged the use of quality of services as a true measure of quality of legal advice.

A.2.2 The focus on quality of legal service is important because this is how consumers judge quality in legal services. Expanding on the interim baseline report, research shows that individual consumers measure quality in terms of service, as they lack the information to be able to judge quality directly.<sup>49</sup> This was because of the following reasons:

- using a solicitor is a relatively rare event, so individuals don't have much of a benchmark against which to judge them;
- the legal world is felt to be above most consumers' heads;
- the nature of legal services is that their value is often in the long-term rather than short-term context;
- there is felt to be minimal public or regulatory information to refer to;
- consumers are relatively inactive in terms of comparing different firms' offers.

A.2.3 Because of the challenge in making informed choices, consumers invariably preferred to fall back on personal recommendations, or failing these, third party recommendations from estate agents etc. *"Each was felt to be more reliable than the 'pot luck' of using the Yellow Pages or, to a lesser extent, the internet. Yet the value of recommendations was limited in two ways. Firstly, they were less readily available for younger consumers, who were less likely to have as many friends or relatives in a position to make relevant, local recommendations; and secondly, the recommendations themselves were often 2-dimensional, and based on limited personal experience or information (typically simply whether they were good or not, rather than why they were good). As a result, even personal recommendations often resulted in poor quality experiences"*.<sup>50</sup> In the same research, consumers highlighted six areas they saw as a priority for solicitors, four of which related to service standards<sup>51</sup>.

A.2.4 This is reflected in the 2012 Legal Services Benchmarking survey<sup>52</sup> where consumers' reasons for dissatisfaction relate mainly to service elements, especially for solicitors. This is shown in figure 16. Sample sizes here are relatively small particularly for other reserved providers and possible special bodies.

A.2.5 Comparing these reasons for dissatisfaction with the breakdown of complaints received by the Legal Ombudsman over the 2011/12 period, points differences in the reason for dissatisfaction and actual complaints. For example while 90% of consumers were dissatisfied with the length of time involved, only 10% of complaints received by the Legal Ombudsman related to delays, even though 95% of complaints related to solicitors<sup>53</sup>.

Figure 16. Individual consumers' reasons for dissatisfaction by provider type

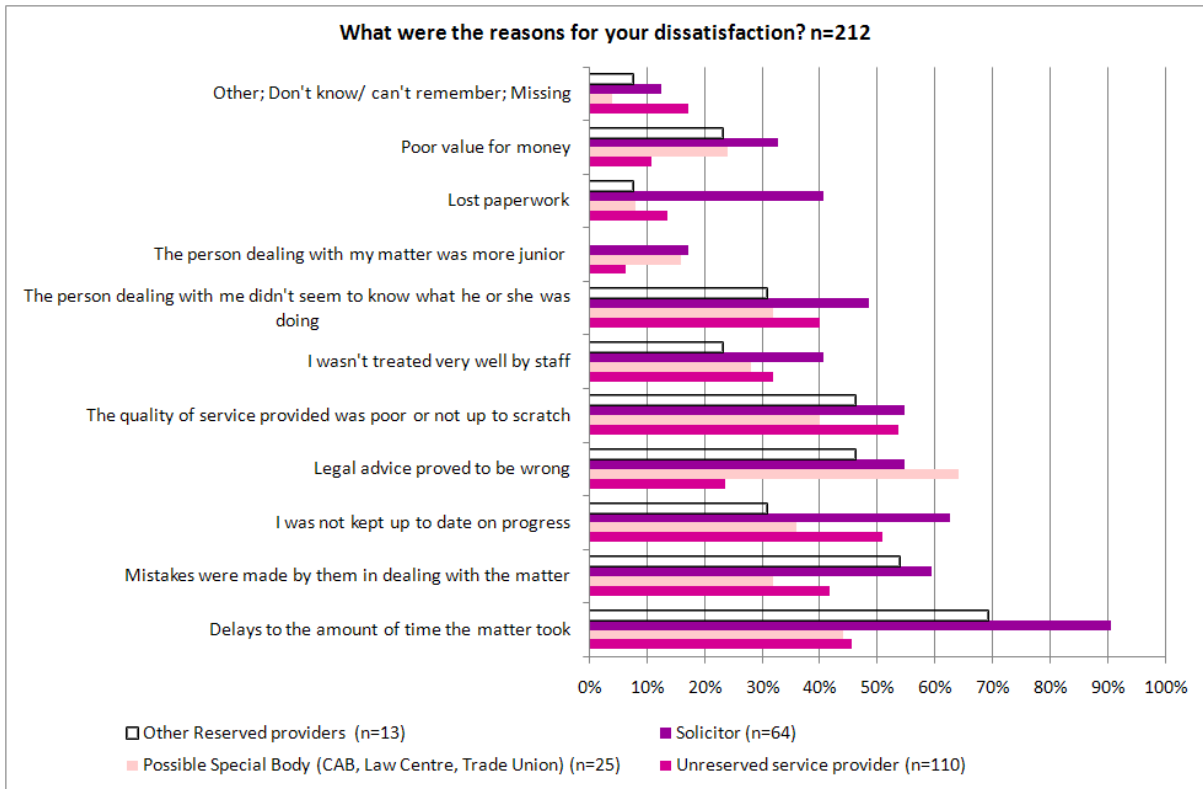
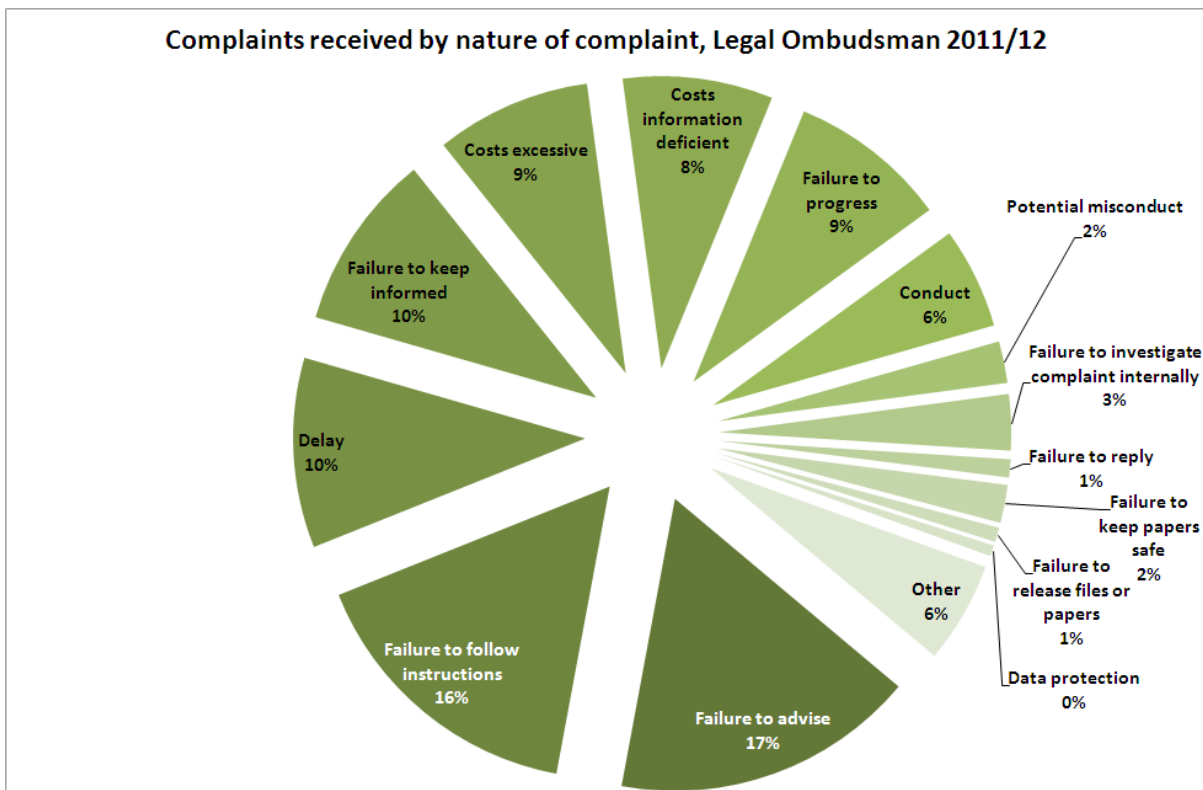


Figure 17. Types of complaints received by the Legal Ombudsman



A.2.6 Given that the quality of legal services can be judged along several dimensions, it is very difficult to directly monitor the actual level of quality within the market, so we use proxy measures – consumer levels of satisfaction and trends in the volume and nature of complaints. Some stakeholders commented on the limitations of using complaints data as a measure of quality of service. The same criticisms could be levied at consumer satisfaction rates. The fact remains that a lack of other available measures necessitates a consideration of these elements when looking at possible changes in quality over time. The LSB consulted on approaches to ensuring quality in legal services<sup>54</sup>. We concluded that while “*the general opinion of respondents that regulators can have the most impact on technical issues of quality. We agree that this is an area where regulators have significant responsibility but we do not accept that it is the only aspect of quality that regulators should consider, particularly given the comments made in response to the consultation that service is the most common area of consumer complaint. It is important that regulators also consider their wider responsibilities in relation to the assurance of quality in legal services*”.<sup>55</sup>

A.2.7 Our view is that while entry controls and education and training requirements can be important tools in mitigating quality risks, they are not in themselves sufficient for ongoing quality assurance and the full range of regulatory tools need to be utilised at both individual and entity level. The LSB has recommended that the approved regulators address three key issues in relation to quality, and has identified indicators for each of these. These are summarised in figure 18 below. These will reviewed as part of the regulatory standards work in the coming years, and as these activities generate better data on the quality of legal services we will utilise this in future evaluations.

**Figure 18. Future indicators of quality**

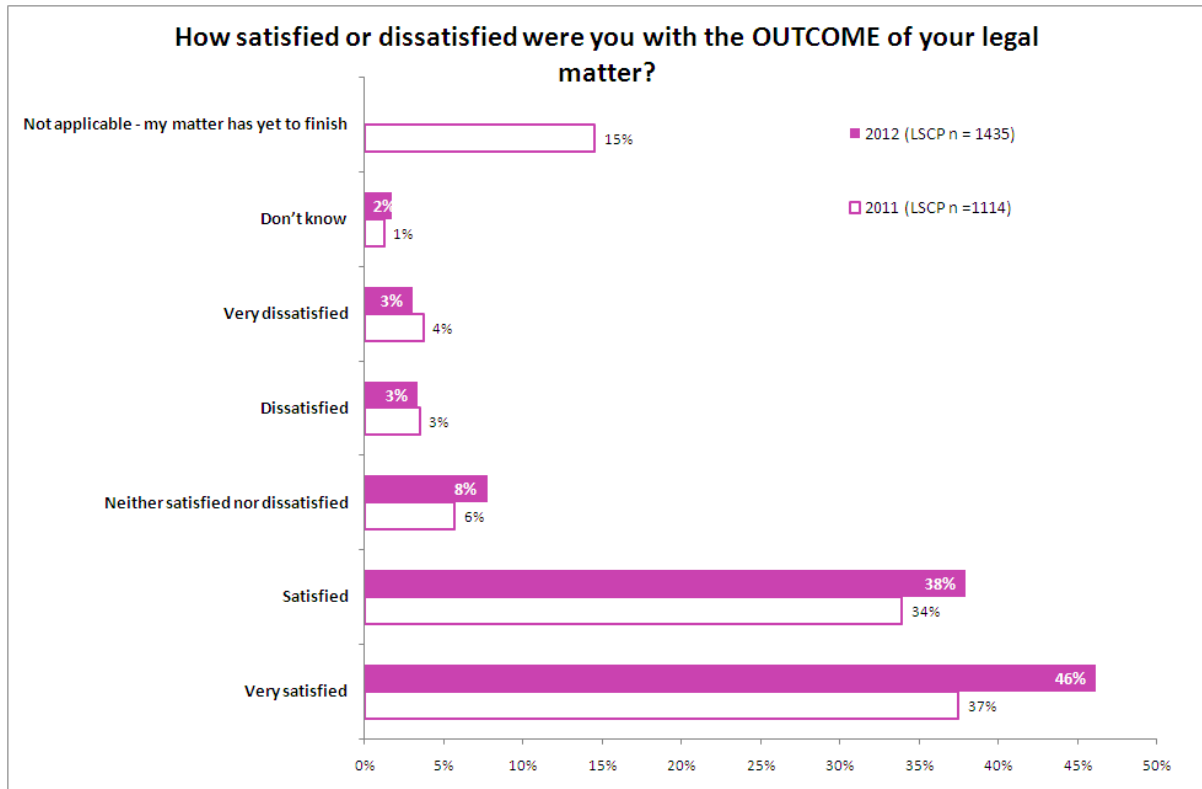
Area	Indicators
Provision and transparency of performance information	Regulators publish information held on quality issues directly and, where appropriate mandate entity level publication
	Regulators make available information on individual and entity level authorisation
	Information sharing between approved regulators and providers of legal services “choice tools”
Development of improved assessment and segmentation of risks to quality in legal services through greater evidence based analysis	Regulators conducting targeted research to understand quality issues and identify risks
	Liaison with organisations that could assist in the assessment of risk, including the Legal Ombudsman, bulk purchasers such as the Crown Prosecution Service (CPS) and LSC or providers of voluntary quality schemes
	Different authorisation requirements and supervisory approaches according to risk, based on appropriate evidence
Using an outcomes focused approach to ensure regulatory interventions drive	Utilising a wide range of regulatory interventions, to address different types of quality risk
	Exploring how “earned recognition” schemes might be used

an improvement in quality standards without hindering innovation	to assist regulatory decisions regarding authorisation and ongoing supervision while ensuring the advantages of market led quality assurance mechanisms are not lost
	Reducing regulation where no evidence of quality risks

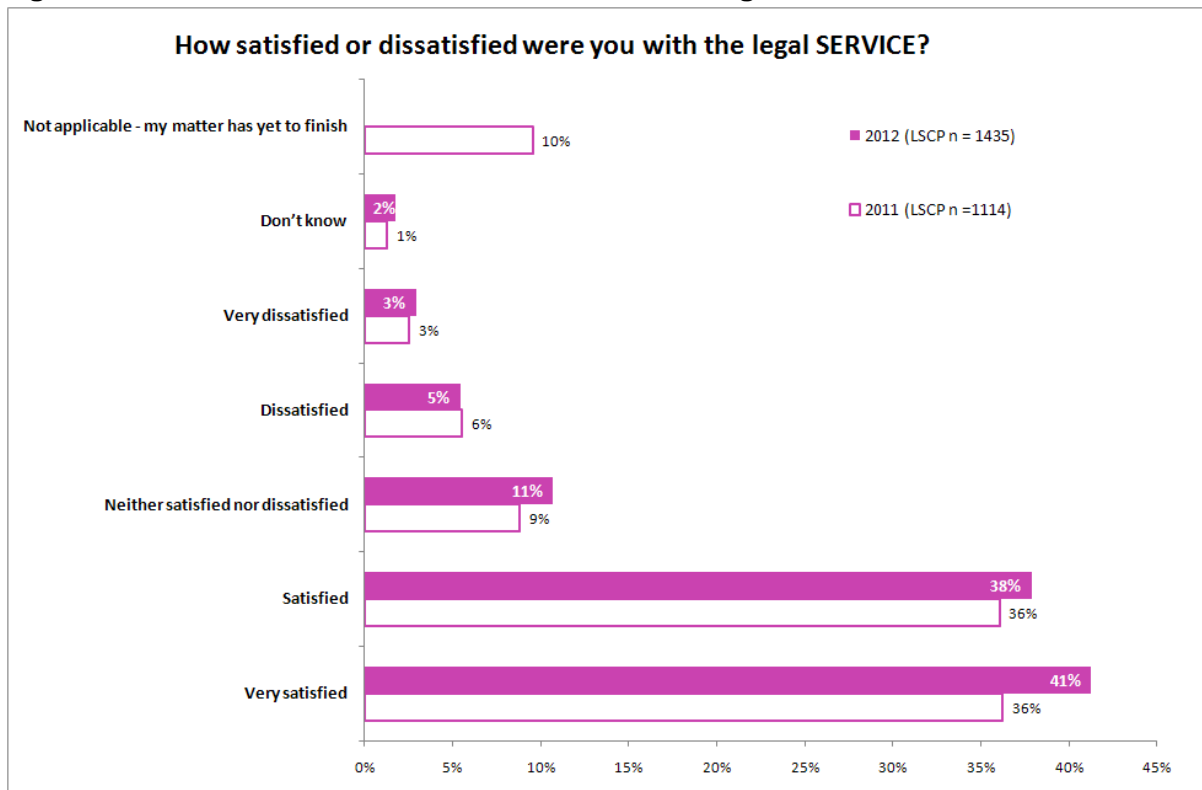
### Knowledge Gap 3 – Quality of legal services provided

- A.2.8 A measure of how satisfied a consumer is with a legal service is whether or not they would recommend the service to someone else. Research demonstrates that the *“most common way of hearing about a provider was word of mouth or recommendation by family or friends, which was mentioned by 29% of users. A further 3% heard about their provider through knowing someone who worked there. The second most common way of knowing a provider was because the user or their family had used it in the past (23%). Collectively, these personal contacts and recommendations explain how 56% of users heard about their provider”*.<sup>56</sup> Similar research in 2009 found the levels of personal recommendation of 53%, but this had fallen to 42% in a 2011 survey.
- A.2.9 For solicitors, research shows that individual consumers have very high levels of satisfaction with the service they received. A survey in 2008 found that 65% of consumers were satisfied with their service, 19% said they were dissatisfied.<sup>57</sup> Further surveys in 2009 found that 93% of consumers of conveyancing services and 82% of BME consumers of solicitor legal services were satisfied with their service.<sup>58</sup>
- A.2.10 The findings of the annual LSCP tracker survey<sup>59</sup> are presented in figures 19 and 20 below. These show continued high levels of satisfaction with legal services. The 2012 Legal Services Benchmarking Survey<sup>60</sup> shows high levels of satisfaction with legal service providers generally, with 55% of consumers who used solicitors being very satisfied. Older respondents were more satisfied with the service (61% very satisfied) compared to under 35 year olds (37% satisfied). Process driven legal needs have higher overall satisfaction than the less transactional personal legal needs. For example, 65% were very satisfied who had used will-writing services compared to 31% for issues surrounding property and 42% for divorce.
- A.2.11 Where quality falls below a certain threshold, this may result in consumer action for which data is generally available.<sup>61</sup> Therefore, we utilise complaint volumes as another way of measuring the levels of quality of legal services. We believe that consumer complaints are a key indicator of markets failing to deliver against consumers’ expectations.<sup>62</sup> We look at both service and technical aspects of poor quality as measured through different categories of complaints. We have no information for business consumers of legal services either in terms of satisfaction or with regard to the levels of complaints; although since it began operating in October 2010 Legal Ombudsman has considered complaints from small businesses and charities.

**Figure 19. Individual consumers' satisfaction with the outcome of their legal matter over time**



**Figure 20. Individual consumers' satisfaction with legal services over time**





A.2.12 Levels of complaints across the sector are difficult to compare over 2010-2011. This is because of the establishment of a new complaints process in mid October 2010, and responsibility for service complaints moving to the Legal Ombudsman, and conduct complaints remaining with the regulators. The potential impacts of the new complaints procedures on consumer propensity to complain is unknown at this point, but is likely to become clearer over time. Therefore, at present we focus on trends in the preceding five years where data covers both service and conduct complaints made to approved regulators.

A.2.13 The LSB has put in place requirements that compel service providers to give consumers sufficient information which will either allow them to identify and/ or contact the Legal Ombudsman. However research<sup>63</sup> in 2011 found that 62% of consumers who were dissatisfied had to ask for information on the in house complaints procedure and only 8% were told about the Legal Ombudsman. The 2012 Legal Services Benchmarking Survey shows relatively low proportions of providers informing clients about the complaints procedures – both in house and the Legal Ombudsman shown in figures 21 and 22. This excludes situations where consumers contact the Legal Ombudsman in the first instance, and where consumers went straight to the Legal Ombudsman without using the in house complaints procedure. Again because of small sample sizes we consider total figures as opposed to making comparisons across the different service types. However since this covers the 2009-2012 period and the Legal Ombudsman was only established in 2010, this can be seen as a benchmark level for future evolutions to track. It is worth noting that the awareness of complaints procedures is broadly the same across the different types of provider.

**Figure 21. Low levels of information on complaints procedures**

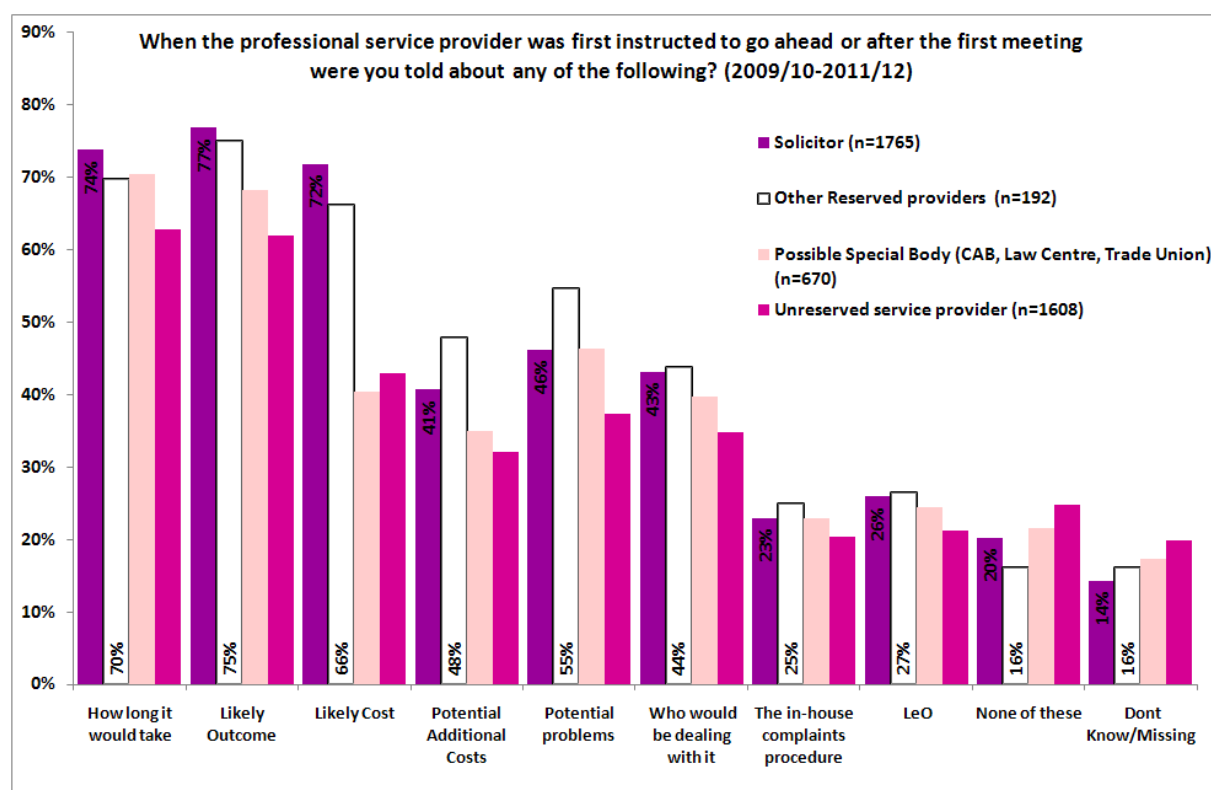


Figure 22. Range of Consumer responses to dissatisfaction

	Unreserved service provider	Possible Special Body (CAB, Law Centre, Trade Union)	Solicitor	Other Reserved providers	Totals
Use of service provider	1608	670	1765	192	4235
Number fairly or very dissatisfied	110	25	64	13	212
<b>Response:</b>					
Took no action at all	26%	52%	47%	15%	35%
Raised concerns but did not make a formal complaint	25%	36%	34%	54%	31%
Made a formal complaint	23%	12%	17%	31%	20%
Complained to LeO	5%	0%	2%	15%	4%
Got advice from a 3rd party	25%	24%	25%	31%	25%
Complained/ sought advice from CAB	22%	8%	0%	15%	13%
Complained to someone else	5%	8%	3%	8%	5%
Did something else	22%	28%	39%	23%	28%

Figure 23. Service complaints reported to the Legal Ombudsman are only a fraction of consumer issues with service



A.2.14 Levels of awareness of what to do about complaining clearly have some impact on the level of complaints. Other research reported that 10% of individual consumers had a problem or issue with their legal service that they were unhappy about, but only 2% of individual consumers actually complained.<sup>64</sup> Other research suggests that 28% of first tier complaints convert into complaints to Legal Ombudsman.<sup>65</sup> The 2012 Legal

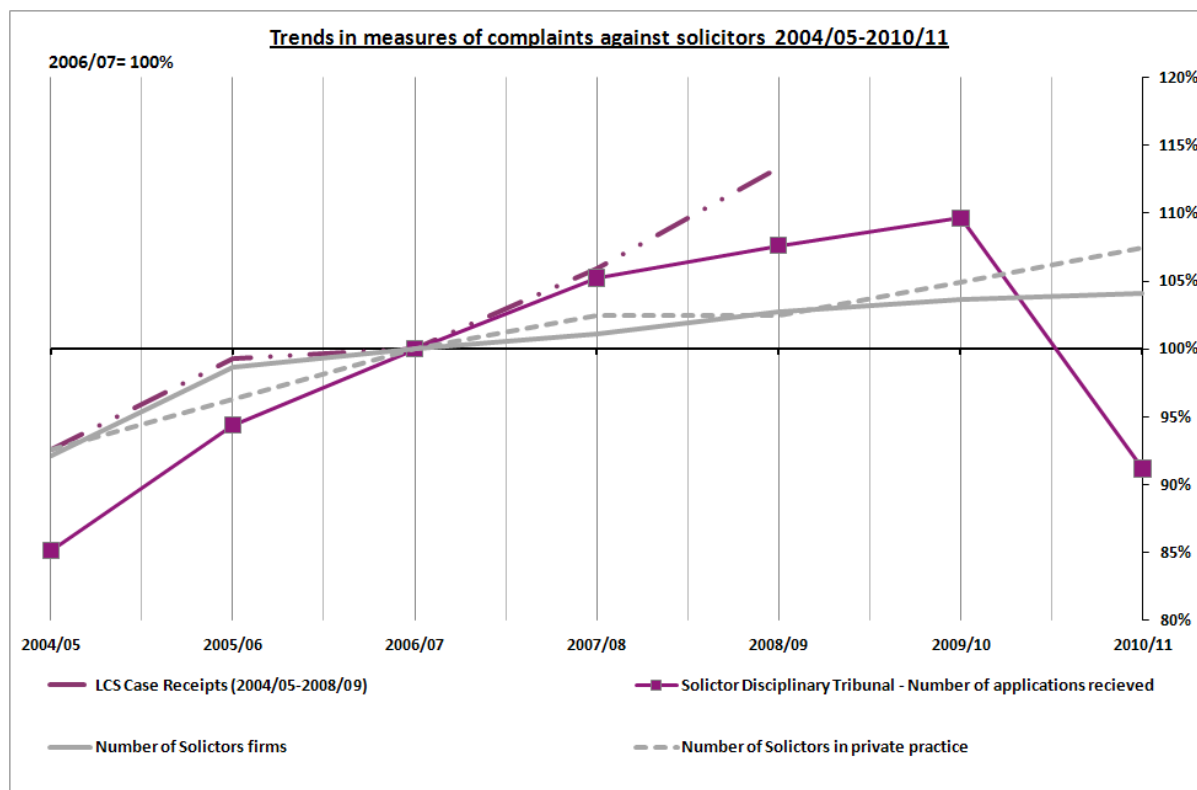
Services Benchmarking Survey allows us to calculate a more robust estimate of the rate of conversion between dissatisfaction and complaints. This conversion rate is shown in figure 23 above, for a hypothetical group of 500 consumers. This suggests a lower volume of dissatisfied consumers than our previous estimate.

#### Knowledge Gap 4 – Trends in service complaints for each sector at both first and second tier

- A.2.15 The level of publicly available information about complaints for solicitors is far in advance of the other approved regulators. Looking back over the 2006/07-2010/11 period for solicitors, there are four different aspects to complaints which we consider in turn below. The percentage change in the number of solicitors is included to enable a limited comparison against other factors. If complaints were growing at a similar rate as the number of solicitors it would be reasonable to conclude that some element of the growth in complaints was driven by the growth in supply, on the assumption of a constant ratio of complaints. However, generally measures of complaints for solicitors appear to be increasing by a greater proportion than the increase in number of solicitors in private practice, or the increase in solicitors firms.
- A.2.16 Prior to the establishment of Legal Ombudsman, the Legal Complaints Service (LCS) dealt with second tier complaints of service and conduct only with regard to solicitors. The LCS was receiving a growing number of complaints<sup>66</sup> year on year, shown in figure 24 below. This year on year increase was highlighted as a concern by the Legal Services Complaints Commissioner.<sup>67</sup>
- A.2.17 However, in the last six months of 2010/11, Legal Ombudsman opened 3,769 cases<sup>68</sup> about legal services provided by all authorised persons – lower than might be expected. For the 2011/12 period this was 7,455<sup>69</sup>. In comparison, the LCS received a total of 20,902 cases in 2008/09, just in relation to solicitors, though this may reflect a less stringent approach to handling first tier complaints. The number of complaints about solicitors received by Legal Ombudsman is a key statistic to monitor over time.
- A.2.18 The reasons for this difference were much commented on in stakeholder feedback on the interim baseline report. However there was no consensus view. Some felt the LCS had accepted cases too easily, others felt the new structure had resulted in lawyers taking complaints more seriously<sup>70</sup>. The Legal Ombudsman point to a range of factors pushing in both directions. Positive reasons could be falls in use of legal services such as conveyancing transactions and solicitors taking greater steps to resolve complaints at the first tier – evidenced by the Legal Ombudsman waiving the £400 case fee in more cases than expected. More negative reasons could be the low number of consumers being made aware of the complaints procedure, as set out above, and supported by the early findings of joint LSCP and Legal Ombudsman research into consumers experiences of complaints<sup>71</sup>. Further evidence of this is the large volume of complainants using a web search to find out about the Legal Ombudsman.<sup>72</sup>
- A.2.19 Our approach is to note the past trends and make no comparison between the figures under the old and the new, because we accept at this stage that none can be reasonably

made. Future evaluations will consider this issue in more detail once further data on complaints at both first and second tier is available in years to come.

**Figure 24. Trends in complaints made against solicitors**



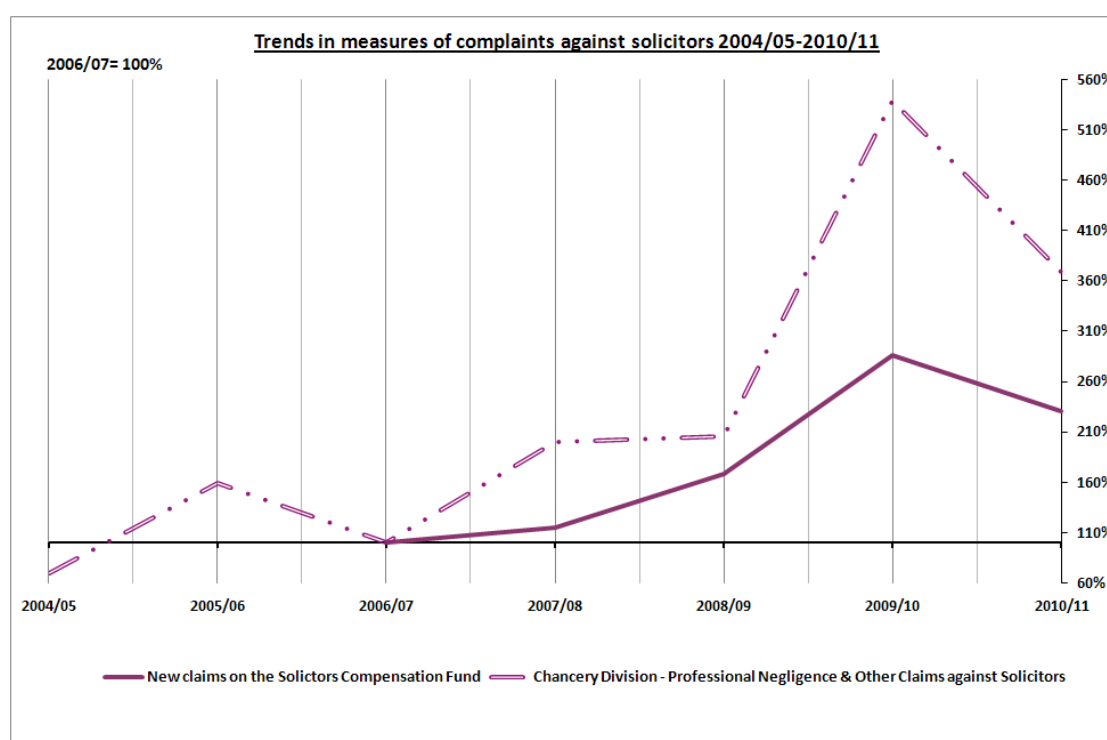
A.2.20 For the 2008/09-2010/11 period, the SRA has published statistics on the allegations received against different compliance risks. There were a total of 10,320 allegations in 2010/11 – an average of one allegation for each solicitors' firm or one allegation for every 8.4 solicitors in private practice. These have all have increased between the 2009-2011 period<sup>73</sup>, with a spike in 2009/10. The most notable increase is with regard to financial compliance risks, which cover areas including costs and fees, fraud, dishonesty and money laundering, despite largely static numbers of SRA firms over the same period. This is shown in figure 25 below. This can be contrasted with Figure 24, which shows a sharp fall in the number of applications received by the Solicitors Disciplinary Tribunal (SDT) between 2009/10 and 2010/11, but the volume of applications remains very low. This tribunal, which adjudicates upon alleged breaches of the rules and regulations applicable to solicitors and solicitors firms', received just 227 applications in 2010/11. Future evaluations will utilise data on Regulatory Settlement Agreements - as this diverts solicitors from the SDT.

**Figure 25. Growth in SRA entity allegations of financial compliance risk**

Allegations received by compliance risk - SRA	2008/09	2009/10	2010/11
Efficiency, management and administrative competence	100%	129%	109%
Financial	100%	129%	122%
Legal competence	100%	129%	101%
Number of solicitors as a % of 08/09 levels	100%	101%	101%

A.2.21 A feature of the regulatory protection afforded to consumers of solicitor services is access to the Solicitors Compensation Fund for people who have suffered financial loss due to a solicitor's dishonesty or failure to account for monies received. A total of 3,694 claims were made in 2010/11. SRA data shows that the level of claims is increasing over the period from 2006/07 to 2010/11. Further, there has been an exponential growth in the proportion of professional negligence claims against solicitors, though the actual numbers remain low with just 144 claims in 2010/11. Taken together these indicate that the seriousness of issues with the legal services provided appear to be increasing. To what extent these increases are driven by 'shocks' such as the high level of claims and negligence proceedings arising from the miners compensation scheme<sup>74</sup> is unclear. If this is a one off 'shock' we would expect these levels to fall over the coming years, as they have started to do between 2009/10-2010/11.

**Figure 26. Exponential growth in more serious complaints against solicitors**



A.2.22 For licensed conveyancers, complaints<sup>75</sup> have fallen over time by a larger proportion than the fall in total numbers of conveyancers. For legal executives, there have been small fluctuations in the level of conduct complaints.<sup>76</sup> There is no comparable published data for other authorised persons, aside from barristers.

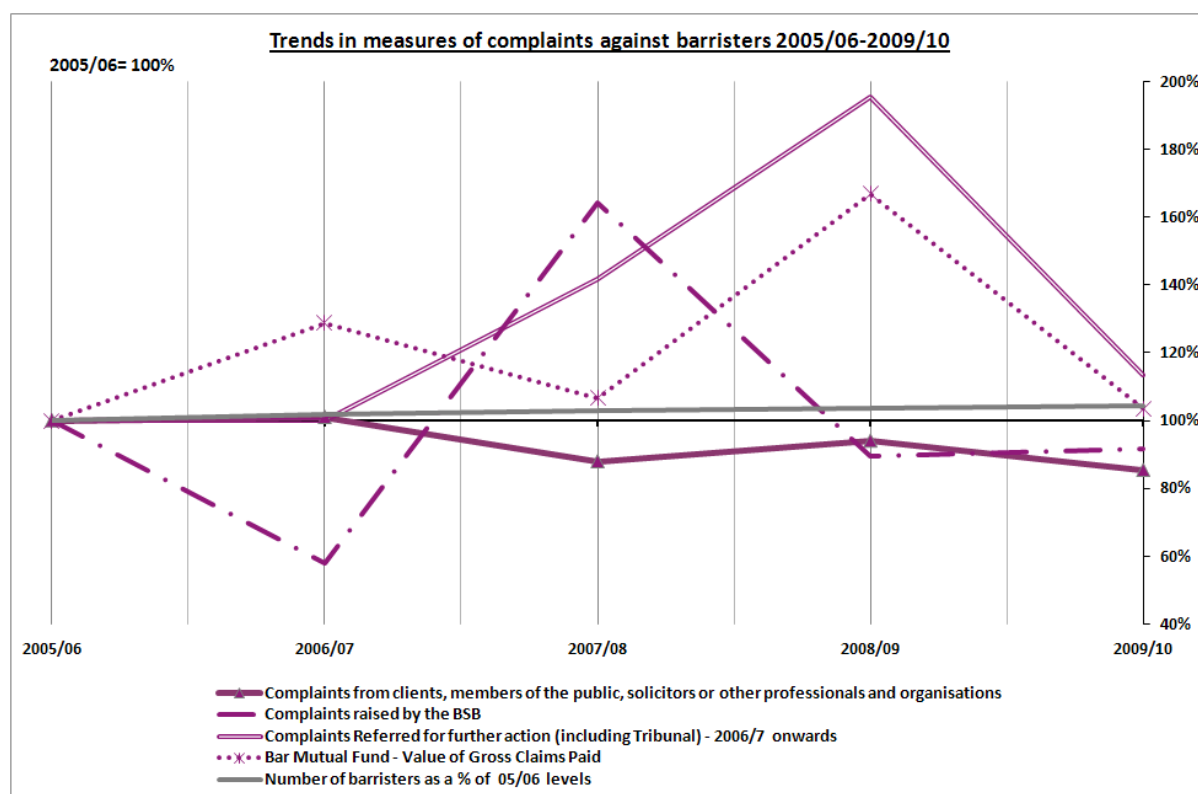
**Figure 27. Large fall in level of complaints received against licensed conveyancers**

	2006/07	2007/08	2008/09	2009/10	2010/11
Complaints Received	228	277	177	130	153
As a % of 06/07 levels	100%	121%	78%	57%	67%
Number of conveyancers as a % of 06/07 levels	100%	100%	93%	96%	99%

**Figure 28. Small fluctuations in complaints received against legal executives**

	2006/07	2007/08	2008/09	2009/10	2010/11
Conduct complaints received	30	29	26	18	41
As a % of 06/07 levels	100%	97%	87%	60%	137%

A.2.23 With regard to barristers, the BSB has dealt with a falling number of total complaints<sup>77</sup> over time – 682 in 2009/10 compared to 784 in 2005/06. However, there have been fluctuations in the proportion of complaints referred for further action, such as a tribunal hearing, which are assumed to be the more serious complaints. There have also been large fluctuations in the value of claims paid out of the Bar Mutual Fund.<sup>78</sup> This is shown in figure 29 below.

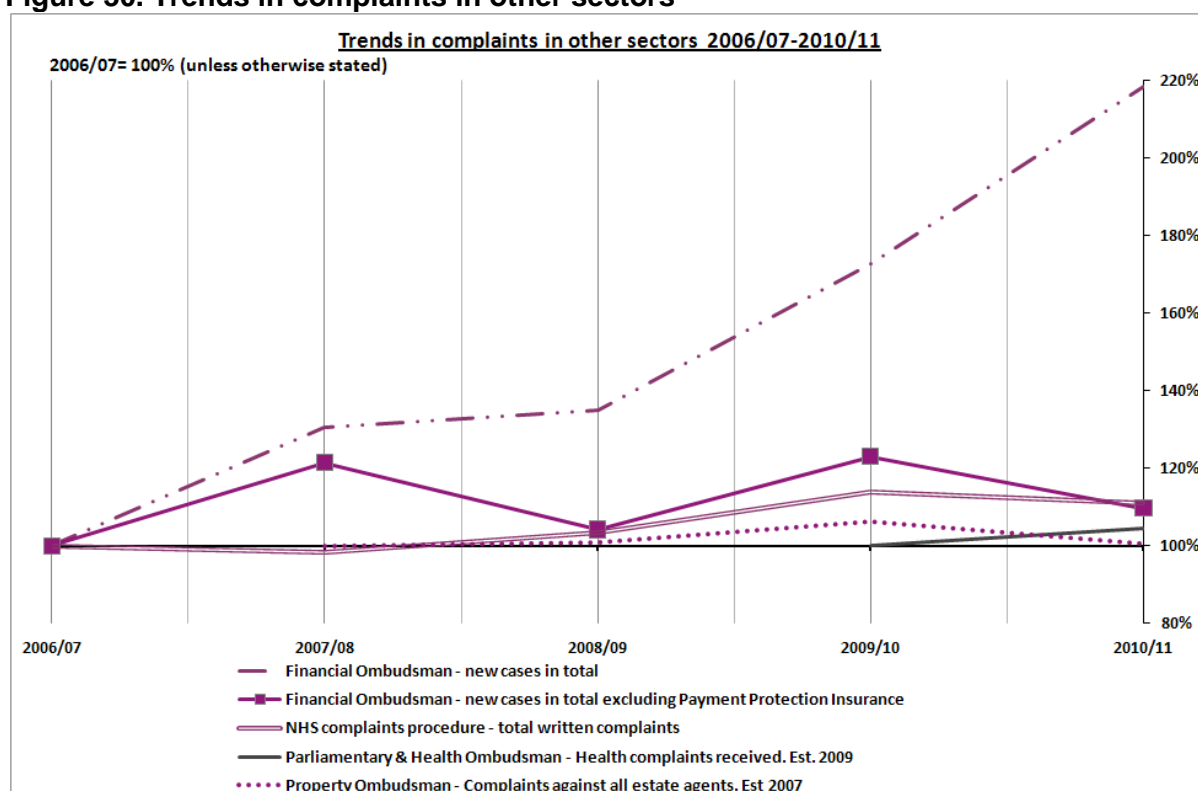
**Figure 29. Fall in level of complaints received against barristers, but increases in the number referred for further action since 2006/07**

A.2.24 It is unknown what proportion of the changes in complaints against authorised persons is driven by greater general consumer awareness of complaints procedures (see B.6 below), or a more general change in propensity to complain across society. Over the 2006/07-2010/11 period, there have been increases in levels of complaints in financial services and health, as shown in figure 30 below. Research<sup>79</sup> conducted by the European Union shows a 9% increase in British consumers making a complaint to any seller or service provider between 2006 and 2009. These point to the possibility of a general increase in consumer propensity to complain.

A.2.25 In summary, it is difficult to conclude with any confidence that the quality of legal services has improved over the 2008/09-2010/11 period. While consumers report high levels of

satisfaction with legal services provided, and records show falling levels of complaints for barristers, legal executives, and licensed conveyancers suggesting improved levels of quality, there is a mixed picture for solicitors – though we recognise that there is significantly more data for solicitors than other types of legal service provider. The number of complaints for solicitors rose at a greater rate than the proportional increase in numbers of solicitors between 2004/05-2008/09, and where we have data the seriousness of service failures appears to be increasing. This points to falling levels of quality. Rising complaint volumes against a background of falling demand (see Section 3) also points to a falling level of quality. The impact of changes to complaints procedures or wider changes in consumer propensity to complain is unknown. Future information on the volume and nature of complaints received by Legal Ombudsman will play a key part in understanding whether quality is changing, alongside regulatory activity with respect to quality.

**Figure 30. Trends in complaints in other sectors**



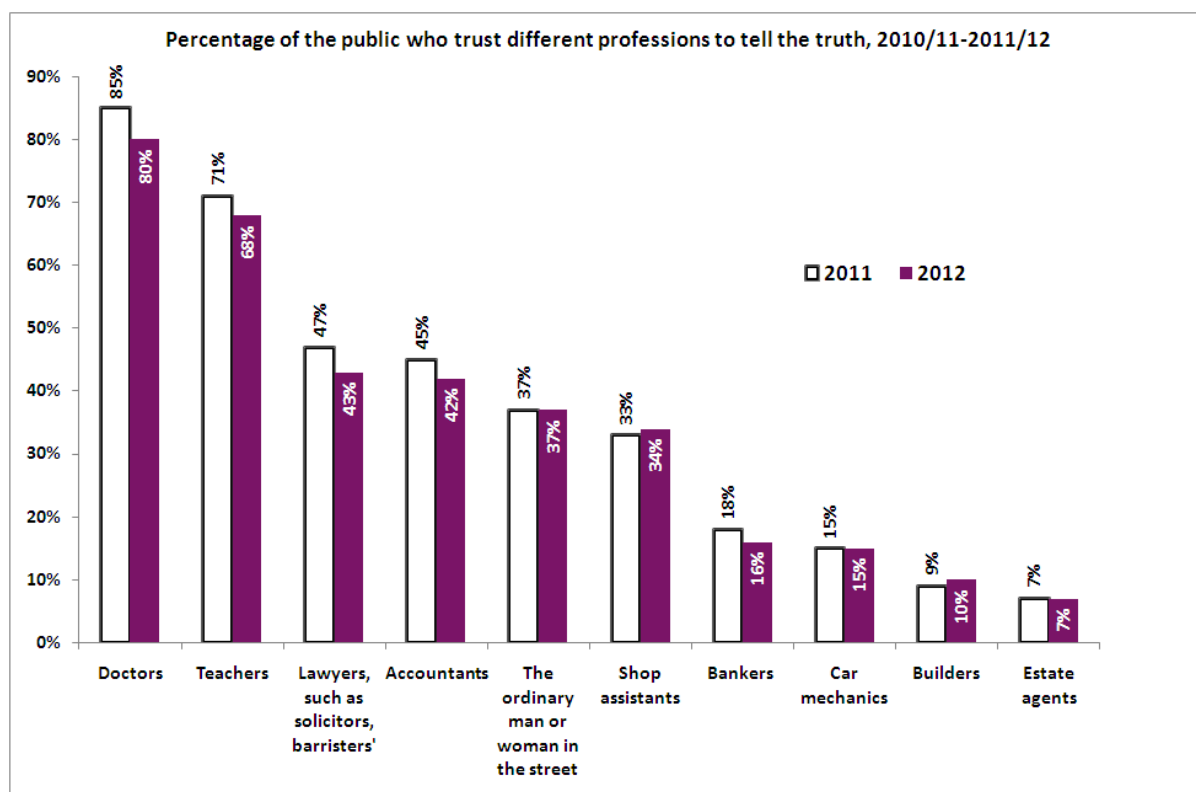
**Figure 31. Missing indicators for measuring Outcome 2**

Missing Indicators	Information Source	Date available
Changes in volumes of regulatory actions undertaken by all the Approved Regulators, including COLP self reporting, and LSB list of people disqualified from being ABS owners	Regulators, LSB	October 2013
Analysis and Publication of First Tier Complaints data between 2010 -2012	LEO, regulators, LSB	October 2013

### Outcome 3. The profession, judiciary and public maintain confidence in the independence and reputation of the legal sector

- A.3.1 Aside from levels of complaints and disciplinary actions, set out in A.2. above, confidence in the independence and reputation of the sector can be measured through the activities of the representative arms over time, as well as consumer perceptions of the judiciary, and the profession itself.
- A.3.2 Looking at perceptions of lawyers, the general public have mixed levels of confidence in the trustworthiness of the legal sector. LSCP research<sup>80</sup> shows that 47% of the public trusted solicitors to tell the truth in 2011, compared to 43% in 2012 - see figure 32 below. In 2012 for Doctors this was 80% and 37% for 'the ordinary man or woman in the street'. An annual Ipsos Mori survey<sup>81</sup> shows falling levels of trusts in other professions, but continued high levels of trust in the judiciary (72%).

**Figure 32. Falling levels of trust in the professions generally, but around half the public trust lawyers to tell the truth**



- A.3.3 The general public's very high levels of trust in judiciary contrasts with over half of people experiencing a legal issue saying that judges are out of touch with ordinary people<sup>82</sup>, even where they had experienced a legal problem but had not been to court.
- A.3.4 Of equal concern are incidences where consumers do not engage with legal services at all, as a result of lack of trust in lawyers. A survey by the LSB in 2009<sup>83</sup> found that 3% of private consumers surveyed had experienced a legal problem but had not sought legal advice because of a bad experience in the past, or a lack of trust in lawyers. However



the 2012 Legal Services Benchmarking Survey found only 1% of consumers decided to handle their problem alone, stating a lack of trust in lawyers as their main reason for doing so. This was 0.2% for those incidences where the consumer took no action at all. Where the reason given was because of previously unhelpful advice this accounted for 1% of incidences for both these types of response.

**Figure 33. Only 3 out of 5 people experiencing a legal issue are confident of getting a fair hearing.**

	Not been to court	Been to court
Confident of getting a fair hearing in Court	60%	49%
Courts are an important way to enforce rights	74%	72%
Most Judges are out of touch with ordinary people	55%	59%

A.3.5 The first of a planned biennial survey of barristers by the BSB, reported that 38% of respondents agreed with the statement that the BSB is an effective regulator of barristers, but more barristers in self-employed practice held negative views of the BSB.<sup>84</sup> However, to what extent 'effective' relates to perceived independence is open to question.

A.3.6 The Law Society undertook a survey of 1,000 solicitors' firms seeking their views on the SRA in 2009 and again in 2011. This reports that across a range of measures, respondents felt the SRA had improved its performance. This is shown in figure 34 below, with the size of the differences reported to be small but statistically significant. As with other research, while it is reasonable to suggest that these measures do touch on the concept of independence to what extent they capture all aspects is open to question.<sup>85</sup>

**Figure 34. Solicitors' views of SRA performance.**

Performance area	Mean score (1-10)		
	2009	2011	Difference
Setting standards of behaviour	6.10	6.34	0.24
Securing the right degree of protection for the consumer	5.96	6.29	0.33
Upholding the rule of law	5.99	6.27	0.28
Promoting and securing standards of behaviour	5.81	6.10	0.29

A.3.7 Future evaluation will include an analysis of an approved regulator's separation of its representative and regulatory functions that acts as a proxy indicator for independence. This will rely on published information since we are considering this from the perspective of the wider public, as well as those working in the legal sector, making transparency key. Reviewing the available sources of information points to no major changes in the perception of independence of regulation, though there is little corroborating evidence at this stage.

**Figure 35. Missing indicators for measuring Outcome 3**

Missing Indicators	Information Source	Date available
Understanding of sectors view of the independence of regulation	Research to benchmark professional principles	October 2014

#### **Outcome 4. Education and training of the legal workforce supports the delivery of high quality legal services**

- A.4.1 This outcome is specifically concerned with the quality of legal advice delivered by the legal workforce in line with the traditional view of entry controls and education and training requirements as important tools in mitigating quality risks. Trends in service and conduct complaints are set out at A.2 above, which act as a proxy measure for changes in service quality. Future analysis of complaints received by Legal Ombudsman will enable a greater understanding of how these relate to quality of advice or issues with costs and services.
- A.4.2 The SRA, BSB, and IPS began a review of legal education and training in February 2011.<sup>86</sup> This review is due to report in January 2013 and we look forward to reviewing the findings. An LSB analysis of approved regulators' representative and regulatory functions found limited changes in entry requirements or Continuing Professional Development (CPD) over the past 5 years. Recent changes around solicitors minimum salary requirements, and proposals on aptitude testing for barristers have yet to take effect. Further changes are expected following the publication of the Legal Education & Training Review (LETR). This analysis is presented in figure 36 and 37 below.
- A.4.4 Feedback on the interim baseline report focused on the inadequacy of the proposed indicators in specifically tracking the impacts of education on the quality of advice. Our proposed approach is to look at what limited available data tells us about the quality of advice – Peer Review, Quality Marks, and Quality Assurance Scheme for Advocates (QASA) - and track how this changes over time. Following the outputs from the LETR we will adopt these indicators and seek new ones as appropriate.
- A.4.5 For the 31% of all solicitor firms that undertake legal aid, Legal Services Commission (LSC) Peer Review results show that the quality of advice ratings have fallen slightly over time. During the 2008/09-2010/11 period, 11% of peer reviews were graded as below competence or failure in performance, compared to 9% in the previous period. This is shown in figure 38 below. The absence of quality assurance for advocacy was highlighted in Lord Carter's Review of Legal Aid Procurement in 2006. This provided the impetus for the development of the QASA<sup>87</sup>.

Figure 36. Summary of changes to training requirements

Representative	Regulator	Entry criteria	Changes between 2006-2012
Bar Council	Bar Standards Board	<p>Three stage process:</p> <ol style="list-style-type: none"> <li>1. Academic stage - Qualifying Law Degree (three years) or; another degree supplemented by the Common Professional Examination or an approved Graduate Diploma in Law (one year)</li> <li>2. Vocational stage - Bar Professional Training Course (f/t one academic year, p/t two academic years) students required to be admitted to an Inn of Court before registration on BPTC</li> <li>3. Training stage - Pupillage (12 months)</li> </ol>	<p>Bar Professional Training Course replaced the Bar Vocational Course in September 2010. Substantive changes to the course included: a formally taught professional ethics module; a new section on resolution of disputes out of court; and more detailed assessment of written and oral advocacy skills.</p>
Law Society	Solicitors Regulation Authority	<p>Three stage process</p> <p>Academic stage Qualifying Law Degree (three years) or; another degree supplemented by the Common Professional Examination or an approved Graduate Diploma in Law (one year)</p> <p>Vocational stage Legal Practice Course (f/t one academic year, p/t two academic years). Delivered in two stages: stage 1 - the three essential practice areas of Business Law and Practice, Property Law and Practice, and Litigation, and the course skills, Professional Conduct and Regulation, Taxation, and Wills and Administration of Estates; stage 2 - three vocational electives.</p> <p>Training stage Training Contract (two years) - gaining practical experience in at least three distinct areas of English law, developing skills in contentious and non-contentious work Professional Skills course (12 days)</p>	<p>The Qualified Lawyers Transfer Scheme was introduced in September 2010, following a revision of the Qualified Lawyer Transfer Regulations and Test. New applicants wishing to become a lawyer in England and Wales have to pass an assessment administered by Kaplan QLTS the assessment organisation appointed by the SRA. It involves a more comprehensive test of law and practice and a new practical assessment method element, the Objective Structured Clinical Examination (OSCE) replacing the Qualified Lawyer Transfer Regulations experience requirement</p>

Council for Licensed Conveyancers	<p>Stage 1 CLC Foundation Course (18 months) 4 GCSEs or over 25 with work experience Stage 2 CLC Finals Course (18 months) Completed stage 1; or relevant law degree or equivalent legal qualification Stage 3 CLC Practical Training (2 years) Completed stage 2; or solicitor or legal executive with relevant conveyancing experience</p>	None
Institute of Trade Mark Attorneys	<p>2 years supervised training Full Queen Mary or Nottingham law course (1 academic year) Queen Mary course comprises: (I) Foundations of Law for Trade Mark Practice, (II) Trade Mark Law A (Basic), (III) Designs and Copyright Law, (IV) Trade Mark Law B (Advanced) Full Nottinghamshire Law School course (1 academic year) comprises: (i) Introduction to trade mark practice and client relationship skills, (ii) Litigation and tribunal practice and procedure; advocacy, (iii) Professional and self-management For solicitors / barristers &lt;2 years experience in IP matters - 2 years supervised training , Compile one year training diary, Queen Mary modules A, B + designs and copyright law course or Bournemouth law course (1 academic year) or Nottinghamshire Law School Intensive course (4 months) For solicitors / barristers &gt;2 years experience in IP matters - 2 years supervised training, Queen Mary module B law course or equivalent Bournemouth law course Nottinghamshire Law School Intensive course (4 months)</p>	<p>2010 - 2012 1 - Queen Mary law course (2 week intensive course plus 20 days over 5 months) 2 - Nottingham practice course (13 two day sessions over 24 months) 3 - Three years of experience in trade mark filing and related issues</p> <p>Solicitor/barrister who has appropriate experience to come within the Experience Exemption will have to take Trade Mark Law B on the QM course plus 4 courses on the NLS course</p>
Chartered Institute of Patent Attorneys	<p>Intellectual Property Regulation Board</p> <p>Good honours degree in scientific, technical or mathematics-based subject Study for Chartered Institute of Patent Attorneys while in relevant employment After 1 year working, foundation papers After 3 years working, advanced papers 2 years practical supervision (during training) Entry to register List of European Patent attorneys: 3 years training under a European patent attorney (often done alongside British course supervision) European qualifying exam</p>	

Association of Costs Lawyers	Costs Lawyers Standards Board	<p>Entry requirements: (a) four GCSEs at grade C or above, English and Maths being compulsory; or (b) two A level passes and 1 GSCE level to include English; or (c) three AS level passes to include either English or Maths; or (d) GNVQ at intermediate or advance level, provided a communications skills element is included; or (e) passing a written aptitude test set by the ACL.</p> <p>Completion of the Association of Costs Lawyers' three year modular training course and 3 years relevant work experience in costs law and practice (acquired before, during or after the period of study and need not be continuous).</p> <p>Exemptions in individual subjects considered if an applicant has: A Law Degree, or Certificate of completion of the Law Society Legal Practice Course, or The Bar Vocational Course, or ILEX qualifications</p>	None
Master of Faculties		<p>Undergraduate law degree (3 years)</p> <p>Notarial practice Q4 (2years)</p> <p>Supervision and courses (2 years)</p> <p>Admission to their roll</p>	None
Chartered Institute of Legal Executives	ILEX Professional Standards Board	<p>No law degree. Minimum of four GCSE grades C or above (including English Language or Literature); or qualifications at an equivalent level; or City &amp; Guilds/CILEx qualification in Legal Studies</p> <p>Stage 1 - Level 3 Professional Diploma in Law and Practice ( 2 years p/t)</p> <p>Stage 2 - CILEX Level 6 Professional Higher Diploma in Law and Practice (2 years p/t)</p> <p>Law degree</p> <p>CILEx Graduate Fast Track Diploma (9 months p/t)</p> <p>Fellow of ILEX - Chartered Legal Executive lawyer</p> <p>Completion of 5 years' qualifying employment (undertaking duties that are wholly or principally of a legal nature rather than of an administrative nature, by a solicitor or a firm of solicitors; by a Licensed Conveyancer or a firm of Licensed Conveyancers; or where the employment is subject to supervision by a Fellow, Solicitor, Barrister or Licensed Conveyancer employed in duties of a legal nature). Two of the five years must be completed in the graduate membership grade and must be consecutive.</p>	<p>From September 2009 the Level 6 Professional Higher Diploma in Law was withdrawn, following a final examination session for all subjects in October 2009, and replaced with CILEx Level 6 Certificate in Law or CILEx Level 6 Professional Higher Diploma in Law and Practice or CILEx Graduate Fast-Track Diploma. The first examination sessions were held in January 2010 and June 2010. The CILEx Level 3 Professional Diploma in Law qualification has been replaced by two new unitised qualifications: The CILEx Level 3 Certificate in Law and Practice, The CILEx Level 3 Professional Diploma in Law and Practice.</p>

Figure 37. Summary of changes to CPD requirements

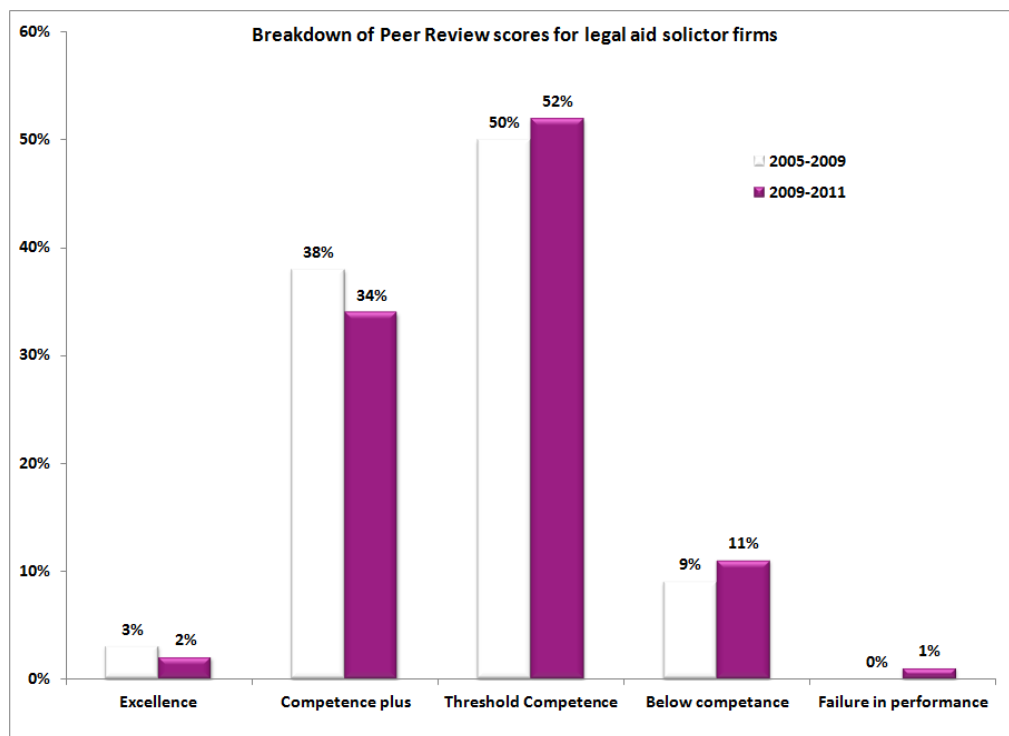
Representative	Regulator	CPD Requirement	CPD monitoring	Changes between 2006-2012
Bar Council	Bar Standards Board	<p>First three years of practice - 45 hours (including at least 9 hours of Advocacy Training and 3 hours of Ethics on the "New Practitioners' Programme")</p> <p>Forensic accountancy must be completed during pupillage or by the end of the three years, This is in addition to the 45 hours. 33 hours must be accredited by the BSB. After the first three years of practice - 12 hours annually, 4 hours must be accredited by the BSB.</p> <p>If a practising certificate held for less than twelve months in any year one hour of continuing professional development (CPD) must be completed for each month or part month of practice. At least one third of these must be accredited by the BSB.</p>	Record cards submitted to the BSB every 31 January.	<p>Prior to 01/09/04 first three years hours requirement was 42.</p> <p>June to September 2011 BSB consulted on new CPD proposals. Any revised system will not take effect until Jan 2013 at earliest</p>
Law Society	Solicitors Regulation Authority	<p>Working 32 hours or more per week - 16 hours of CPD per year</p> <p>Part-time - one hour of CPD per year for every two hours worked per week</p> <p>Newly qualified - one hour for each month worked from date of admission/registration to 31 October.</p> <p>SRA Management Course Stage 1 must be completed by the end of third CPD year. Course hours count towards the CPD requirement.</p> <p>The following are exempt from the two Professional Skills Course modules: solicitors who undertook the Legal Practice Course and PSC prior to admission, solicitors who sat the Professional Conduct and Accounts heads of QLTT, solicitors transferring from Scotland via QLTT. At least 25 per cent of the CPD requirement must be met by participation in SRA accredited courses.</p> <p>Up to 75 per cent of the CPD requirement may be met through activities, such as writing law books and articles, undertaking NVQs in business and management, and preparation and/or delivery of certain training courses</p>	A record of all CPD training must be kept for a prescribed time period. The SRA may ask to see this at any time	Requirement since 1985 with only minor amendments. Professor Boon review launched in April 2011 to feed into LETR

Council for Licensed Conveyancers	<p>Annual CPD cycle</p> <p>Licensed conveyancer manager: Holds a conveyancing licence - 12 hours. Also holds a probate, litigation and/or advocacy licence - 16 hours</p> <p>Licensed conveyancer: Holds a conveyancing licence - 6 hours. Also holds a probate, litigation and/or advocacy licence - 8 hours</p> <p>CPD must be in courses, lectures, seminars, programmes or other activities approved by the CLC.</p>	<p>A training record must be kept demonstrating that CPD undertaken is relevant to professional practice or development and if requested, provided to the CLC.</p>	<p>Licensed Conveyancers' Continuing Professional Development Rules 2004 came into force on 1 November 2004.</p> <p>Replaced on 6 October 2011 by the CLC Handbook</p>
Institute of Trade Mark Attorneys	<p>Annual 16 hours CPD cycle</p> <p>A patent and trade mark attorney normally required to complete 16 hours CPD provided the hours of patent and trade mark activities broadly reflects the split of patent and trade mark business carried out.</p> <p>Authorised Litigators must complete 6 hours CPD relevant to litigation, 3 hours of which can be included in the 16 hours required to remain on the Register as a practising attorney with the remaining 13 hours primarily devoted to areas other than litigation.</p>	<p>Annual return certifying compliance required when applying for continuing registration.</p>	<p>Replaced CPD regulations of the Patent Regulation Board of the Chartered Institute of Patent Attorneys and the Trade Mark Regulation Board of the Institute of Trade Mark Attorneys in 2009</p>
Chartered Institute of Patent Attorneys	<p>Intellectual Property Regulation Board</p> <p>Newly qualified individuals are not required to undertake CPD during the registration year in which they qualify.</p> <p>Registrants "not in active practice" are not required to undertake any CPD. If inactive period is over one year a programme of CPD activities started immediately on return to active practice may be required.</p>	<p>Random sample of registrants required to provide CPD records annually.</p> <p>Stated as 'guidelines rather than absolute requirements'</p>	
Association of Costs Lawyers	<p>Costs Lawyers</p> <p>Annual 12 CPD points requirement</p> <p>Costs Lawyers admitted during course of a CPD Year must complete 1 CPD point for each month worked</p> <p>CLSB provides examples of activities points can be gained from</p>	<p>CPD record and supplied it to the CLSB on demand</p>	<p>Replaced CPD rules of the Association of Costs Lawyers on 31 October 2011</p>

Master of Faculties	<p>Annual CPD requirement Six points in notarial practice (3 accredited activity) Those practising in conveyancing and/or probate must complete 6 points in each field of practice (half must be accredited activities) Participation in programmes, courses or seminars accredited by the Faculty. Non accredited activity is legitimate only if it involves: Lectures and seminars; Coaching and mentoring sessions (including supervision of trainees) face-to-face or at a distance; Writing on law or practice; Research on law or practice leading to such outputs as forms, surveys, precedents; Watching and listening; Work shadowing; Specialist committees and working parties; Studying for professional qualifications; Setting, marking and moderating professional examinations</p>	Records are submitted with each practising certificate request and may be demanded by the Faculty	Notaries (Continuing Professional Education) regulations 2010 came into force 1 May 2010
Chartered Institute of Legal Executives	<p>ILEX Professional Standards Board</p> <p>Annual CPD cycle Minimum number of hours: Associate - 8 Graduate member - 12 Fellows and Legal Account Executives or Associate Prosecutor members - 16 Practising members – half of hours must be in specialist area of practice Members not practicing for six months or more exempt from CPD requirements Examples of CPD activities provided</p>	Recorded online in 'MyILEX' through the CILEx website	Requirement since 1 January 2011. Currently consulting on its CPD scheme (June - Sep 2012).



**Figure 38. Large proportion of legal aid solicitor firms providing ‘threshold competent’ advice, or better.**



A.4.6 Voluntary quality schemes can provide another proxy indicator for quality, in particular those that require members to demonstrate specialism in particular areas and to undertake specific professional training. This is in addition to standard continuing professional development requirements. Research by the LSCP<sup>88</sup> found relatively low levels of membership of accreditation schemes for solicitors, legal executives, and barristers, as set out in figure 39. High levels of coverage in Law Society Accreditation Schemes for Criminal Litigation, and Immigration and Asylum are thought to be linked to the legal aid requirements in these areas. Changes in the level of membership over time will be a key indicator for future evaluations.

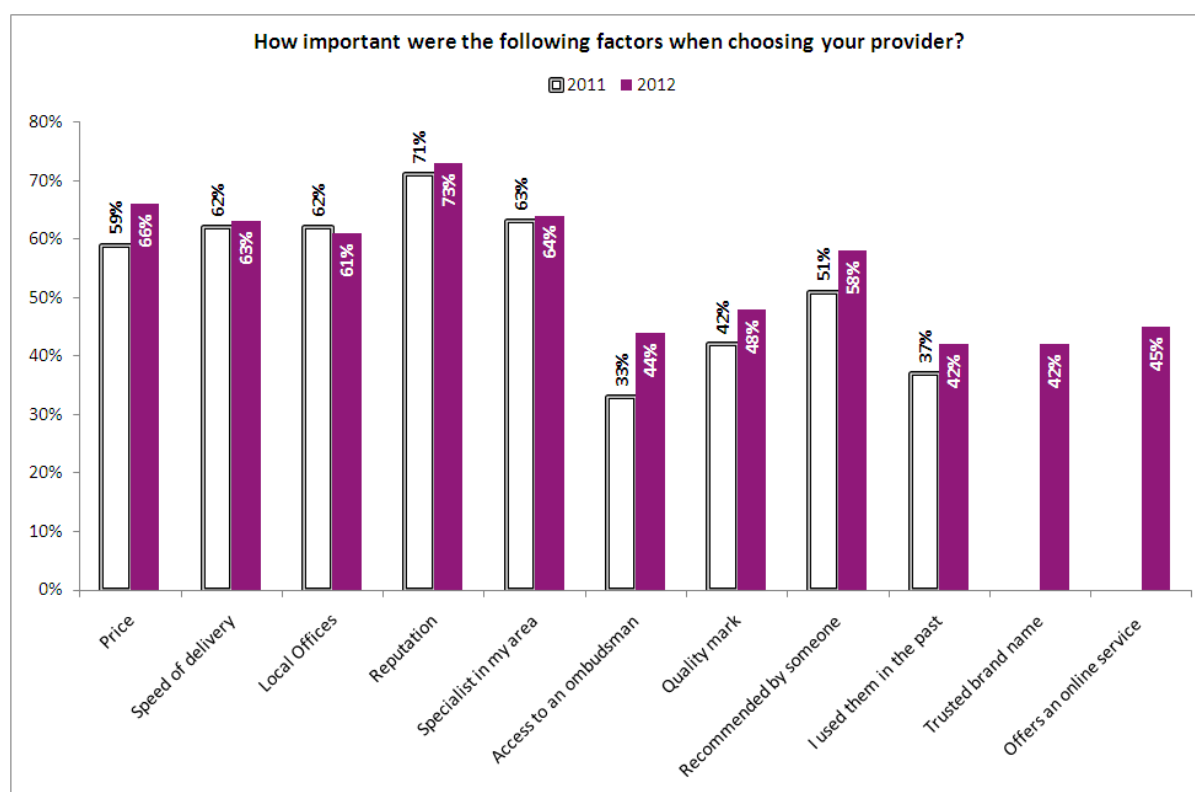
A.4.7 The robustness of some of these schemes from a regulatory perspective is challenged by the findings of the LSCP work. They report, “*Many perform well in relation to entry requirements, reaccreditation and having systems in place to deal with poor practice. There was less success in other areas. Most notably, there are few practical checks on technical competence, little lay input in the design and operation of schemes and minimal collection and use of consumer feedback. Moreover, schemes are not validated and so offer no proof that they are delivering on their quality claims: that members are specialists offering added value beyond the minimum requirements of regulators*”. This may mean these schemes change significantly overtime to better meet the needs of consumers.

A.4.8 The 2012 Legal Services Benchmarking Survey shows the limited use of quality marks in consumers’ decision making, see section B below, and the LSCP consumer tracker surveys suggested no change between 2010/11-2011/12, shown in figure 40. Reputation of a provider remains the biggest single factor.

**Figure 39. Relatively low levels of membership of additional quality assurance schemes**

Voluntary Quality Schemes in Legal Services	Estimated Coverage
Association of Personal Injury Lawyers accreditation	9%
Action Against Medical Accidents Specialist Panel member	6%
Barristers - Queens Counsel	6%
Resolution accreditation specialist	11%
Society of Trust & Estate Practitioners- Full members	13%
The Law Society Accreditation schemes:	
Children	36%
Clinical Negligence	11%
Conveyancing Quality Scheme	9%
Criminal Litigation	51%
Family Law/Family Law Advanced	17%
Immigration & Asylum	46%
Mental Health	22%
Personal Injury	7%

**Figure 40. Use of quality marks in purchasing decisions**



A.4.9 Further evaluations will be able to utilise information coming from the QASA, once this is fully rolled out next year<sup>89</sup>.

**Figure 41. Missing indicators for measuring Outcome 4**

Missing Indicators	Information Source	Date available
Quality Assurance Scheme for Advocates scheme analysis of 12 months of applications and assessments	SRA, BSB, IPS	One year after implementation
Findings of the Review of Education and Training	SRA, BSB, IPS	January 2103

## B. The consumer

### Outcome 5. A higher proportion of the public are able to access justice

- B.5.1 The LSB defines access to justice as “*the acting out of the rule of law in particular or individual circumstances. The tools to achieve that outcome range from informing the public about their rights, through routine transactional legal services and personalised advice, through to action before tribunals and courts*”.<sup>90</sup> This covers services delivered through any channel such as face-to-face, telephone or internet, and services both individually tailored and those tailored to groups or provided to potential consumers. We define access not only in terms of authorised persons but include access provided by the wider legal services industry, related professions and related advice bodies in the public, commercial and not-for-profit sectors.
- B.5.2 The key is that consumers should be empowered to access services in any way that suits them, confident that providers will meet their needs and preferences because justice is not served when people are disenfranchised from their rights by a system that they find incomprehensible, inaccessible or unaffordable. Empowerment can mean taking action themselves without recourse to legal services, as well as having the ability to utilise legal services if they so choose.
- B.5.3 For the purpose of the interim baseline report our main focus was on indicators of access to legal services. We have since developed a proposed framework for measuring access to justice itself. This framework was published in September 2012, following presentation of the proposed measures at the Legal Services Research Centre international conference.
- B.5.4 This puts forward 18 different measures summarised below. A full discussion can be found in the *Evaluation: How can we measure access to justice for individual consumers? A discussion paper*<sup>91</sup>. Following feedback from a range of stakeholders in the coming months we will use these measures in future evaluation papers. In line with our desire to minimise the information burden on the regulated community all 18 indicators are based on publicly available data supplemented with consumer research. These address the range of potential barriers in access to justice. There are a range of dimensions to access to justice and therefore any attempt to measure it needs an array of different individual elements which must be considered as a whole. Further, movement in one measure alone cannot be interpreted as change in access to justice – with such a complex concept there is a need for a basket of indicators.

**Figure 42. Proposed measures of access to justice**

	Area	Proposed Measure
1	Demand for legal services	Annual review of proxy indicators for demand for legal services as set out in section 3.
2	Paths to justice	Breakdown of responses to legal need over time (take no action, handle alone, seeking legal advice).
3	Use of legal services	Breakdown of the different ways in which consumers use legal services – information , advice, representation etc

4	Perception of legal services	General perceptions of legal services including issue of affordability, understanding of what's required etc
5	Costs of legal services	Trends in the overall cost of legal services.
6		Trends in charging methods.
7		Sources of funding of legal services.
8	Number of agents of delivery – depth of services	No. of individual authorised persons compared to the population
9		No. of people working in the legal sector compared to the population
10		No. of businesses offering reserved services compared to the population
11		No. of legal advice businesses and charities compared to the population
12	Scope of delivery – breadth of services	Range of categories of work in which regulated entities report turnover
13		Proportion of consumers getting advice on clusters of problems from the same provider.
14	Geography of services	Proportion of agents of delivery by local authority.
15		Methods of communication and client interaction.
16	Access to the courts	Trend in volumes of trials across range of problem types
17		Trend in number of days sat by judges per trial, and length of time between court proceedings being issued and resolution of the case.
18		Trends in satisfaction with the justice system.

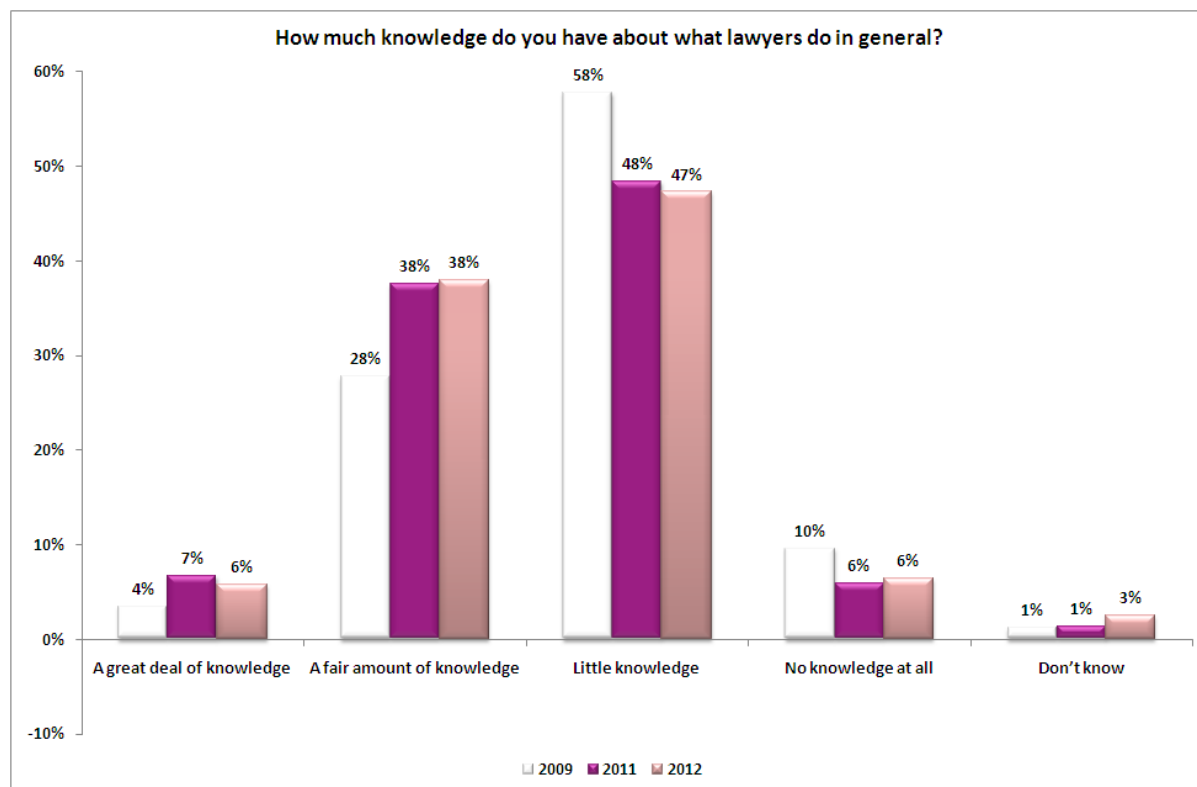
B.5.5 As set out in Section 3, the regulatory community as a whole does not have data on the volume of cases undertaken by those they regulate, meaning we cannot simply track the number of consumers of legal services year on year against drivers of problem incidence. Therefore we need to rely on proxy indicators. Because of data availability, these relate mainly to private consumers of legal services.

B.5.6 If consumers do not understand what services are offered, they are unlikely to recognise they have a need that can be addressed through accessing this service. Among the public research points to a low level of knowledge of what lawyers do, but this appears to be increasing over time, shown in figure 43. However, the proportion of people accessing advice from a wide range of sources, not just lawyers, has fallen slightly.

B.5.7 The Civil and Social Justice Survey<sup>92</sup> shows the proportion of people experiencing a legal problem, making the decision to do something about it but not being able to get advice, has been largely constant over the past 5 years, at around 7-8%. This is shown in figure 44. In the 2010 survey, 10% of people did nothing. People handled problems entirely on their own in 46% of occasions. People obtained formal advice in 29% of occasions. However, the 2010 findings are not directly comparable with previous surveys, as the survey included problems that were not difficult to solve. Further, the focus of this survey is on social legal problems, as opposed to retail legal issues such as conveyancing. Research undertaken for the EU<sup>93</sup> found that the most significant Alternative Dispute Resolution mechanisms in the UK are the consumer ombudsmen, the largest scheme being the Financial Ombudsman Service, but there is no published

data on whether or not complainants or respondents seek any legal advice in these circumstances.

**Figure 43. Increasing public knowledge of what lawyers do**



**Figure 44. Small decreases in people obtaining advice when they experience a problem**

	2004	2006-9
Did nothing	11%	9%
Handled alone	31%	34%
Obtained advice	52%	49%
Tried and failed to obtain advice	2%	2%
Tried, failed and handled alone	5%	6%

B.5.8 The 2012 Legal Services Benchmarking Survey looked at a wide range of problems, and tracked responses to over 9,000 different legal problems over the past three years. It found that only 44% of these problems resulted in people seeking advice, and only 20% of these problems resulted in a demand for legal services from a reserved legal service provider. Response paths are shown in figure 45 below. Understanding why people respond in the way they do provides a baseline of individual consumer's interaction with legal services. Deciding to handle a legal problem on your own can have both negative and positive implications for access to justice. The reasons people gave for taking no action or decided to handle their problems alone are shown in figures 46 and 47 below.

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Here an active decision to handle alone covered reasons such as *I didn't think the legal need/issue would be difficult to resolve, I had enough time to do it myself, I had successfully handled a similar problem on my own before, I had the support of friends/family, I have a lot of time on my hands, and I was confident I could handle it alone.* A negative assessment of services covered reasons such as *- I thought that it was not worth the hassle (of getting advice), I do not trust lawyers/advisers, I had got help with a problem before and did not find it use, I thought solving the legal need would cost too much, and I thought that it would take too long to reach a solution.*

Figure 45. Consumers' response to legal problems

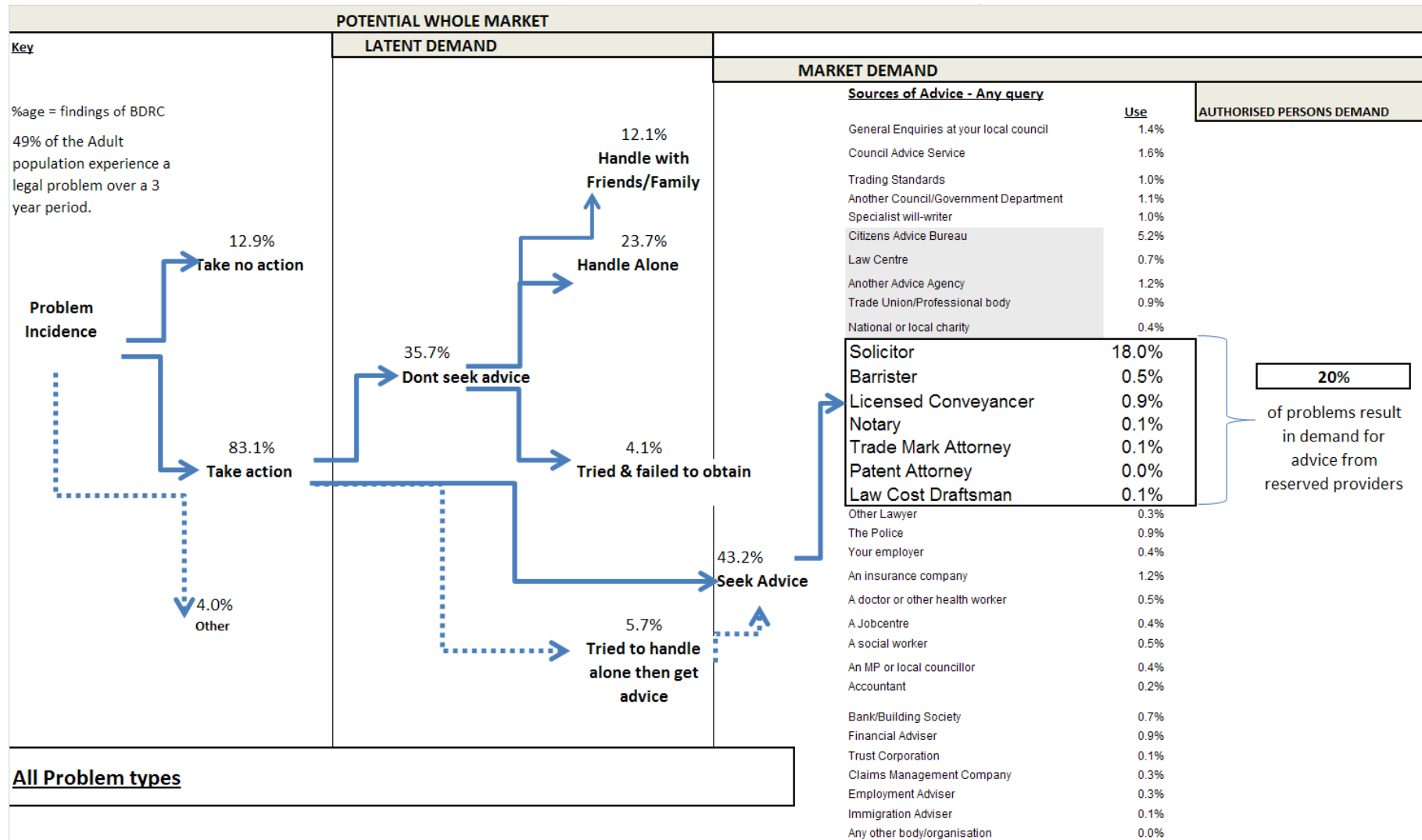




Figure 46. Reasons for taking no action

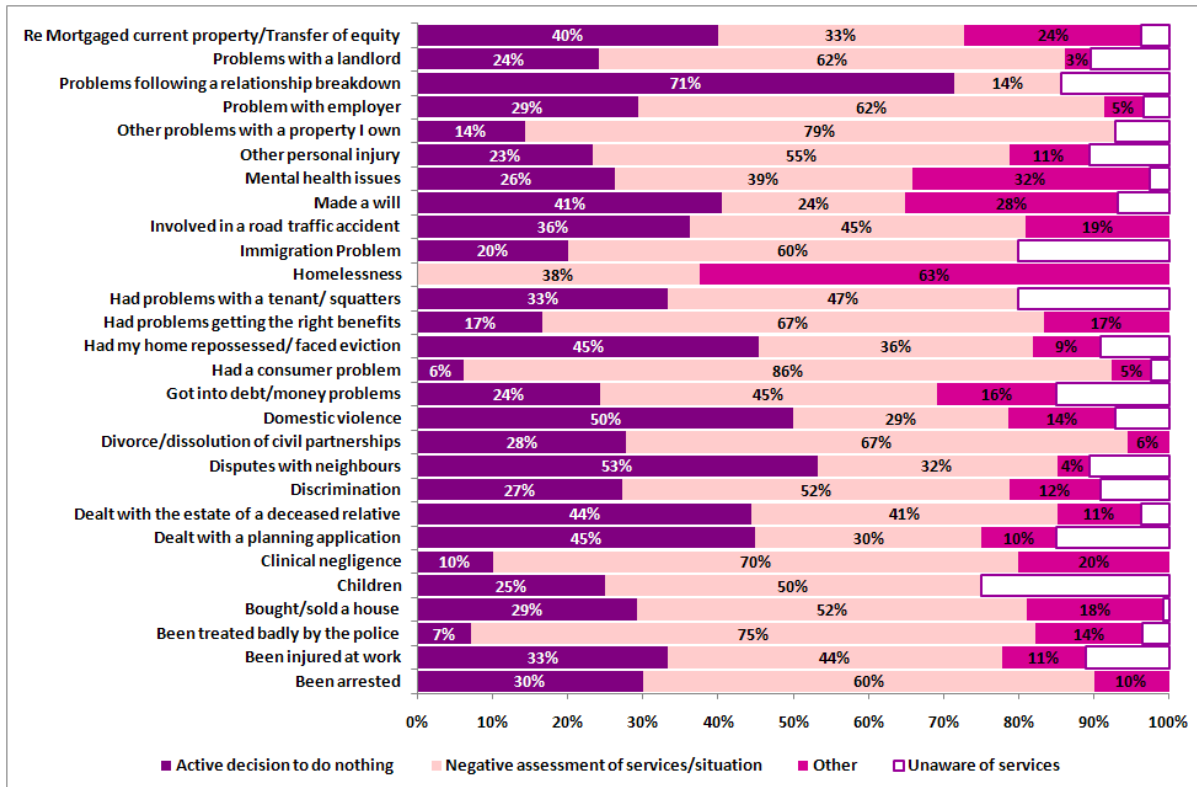
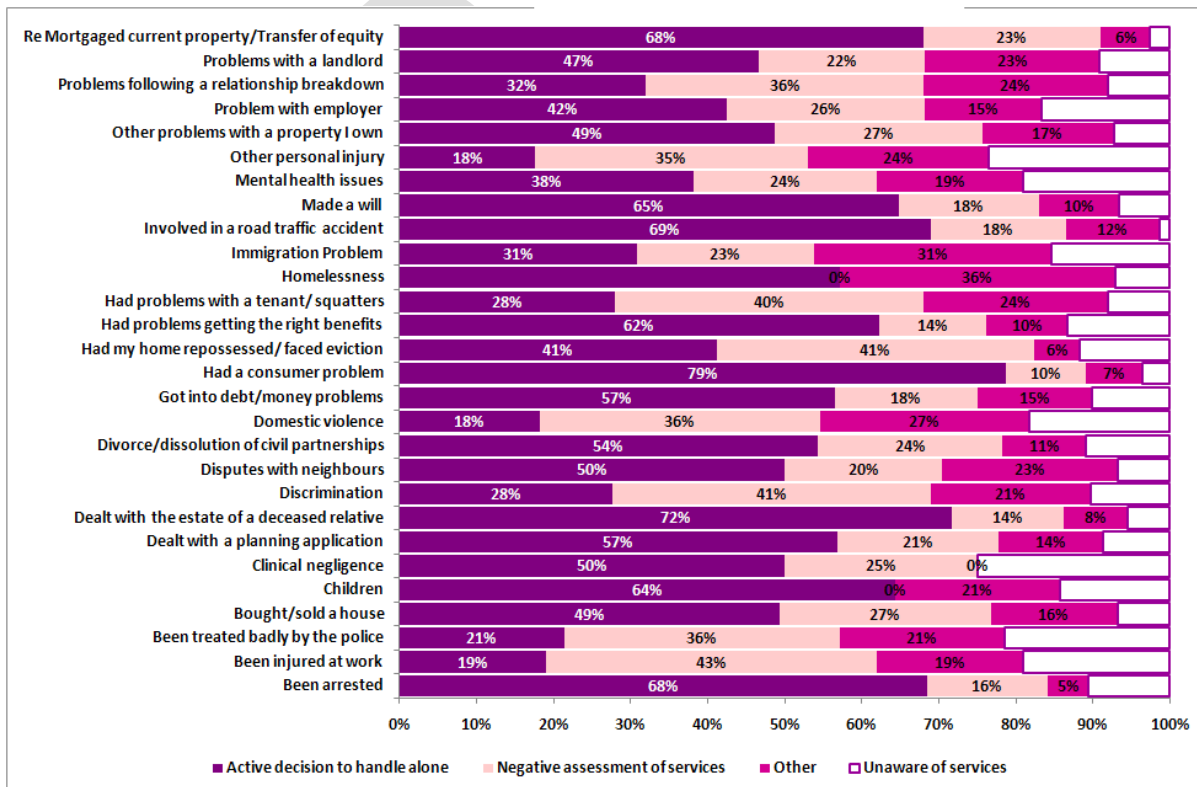


Figure 47. Reasons for handling alone



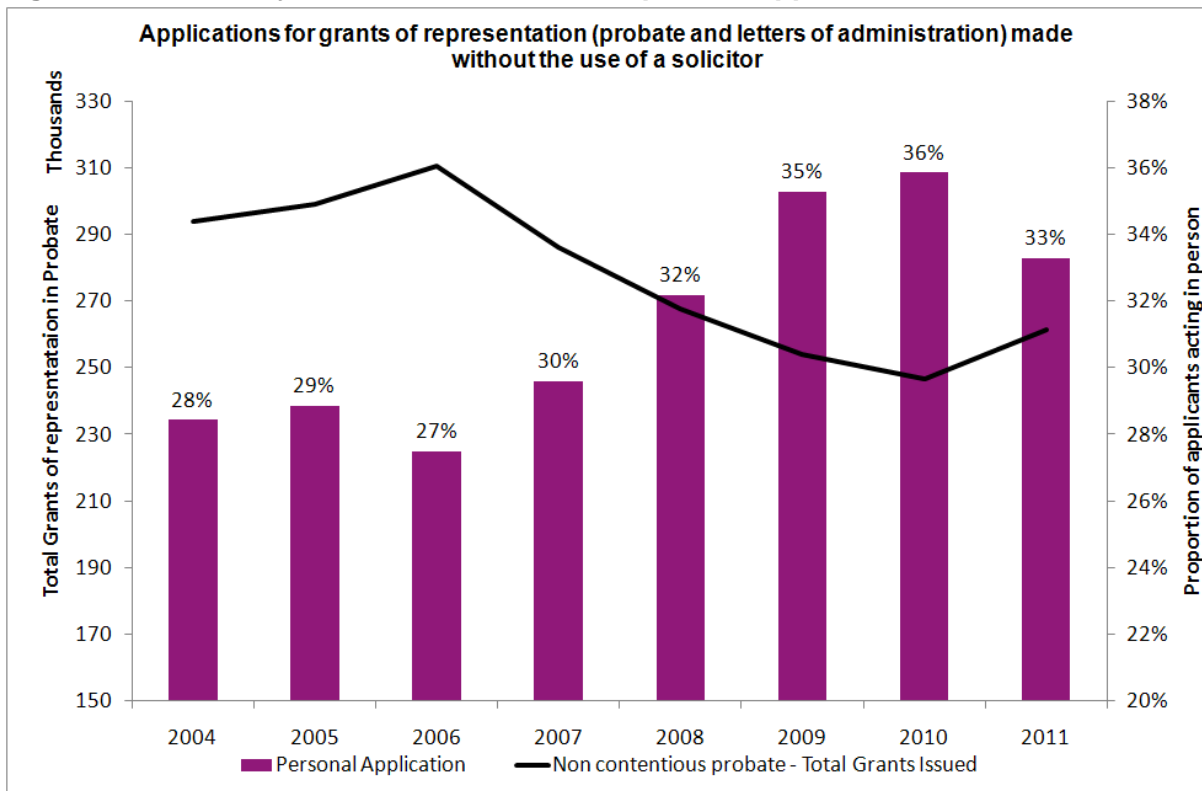
B.5.9 This survey provides a baseline from which to measure future change, but does not tell us about longer term trends. Where we do have time series data on the type of

representation, it shows that growing numbers of all types of consumer are choosing not to use lawyers' services for probate, and trademark applications, but are using them for employment tribunals where number are more erratic due to specific changes in legislation and issues with equal pay claims. Taking probate as an example, figure 48 plots the trend in volumes of probate and letters of administration applications, and levels made without the use of a solicitor. This shows that over one in three applications for grants of representation were made by individuals in 2009, rising from 28% of all non-contentious applications in 2004 to 36% in 2010, and falling to 33% in 2011. At the same time, the total volume of non-contentious probate applications fell from 294k to 261k, while the number of contentious probate applications remained largely constant at around 0.05% of all probate applications.<sup>94</sup> A survey of people who had gone through the probate process in the past 3 years found that only 54% used professional probate services at some stage of the process. Of these 86% went to solicitors, and 10% to financial advisors, banks, accountants and trust corporations.<sup>95</sup>

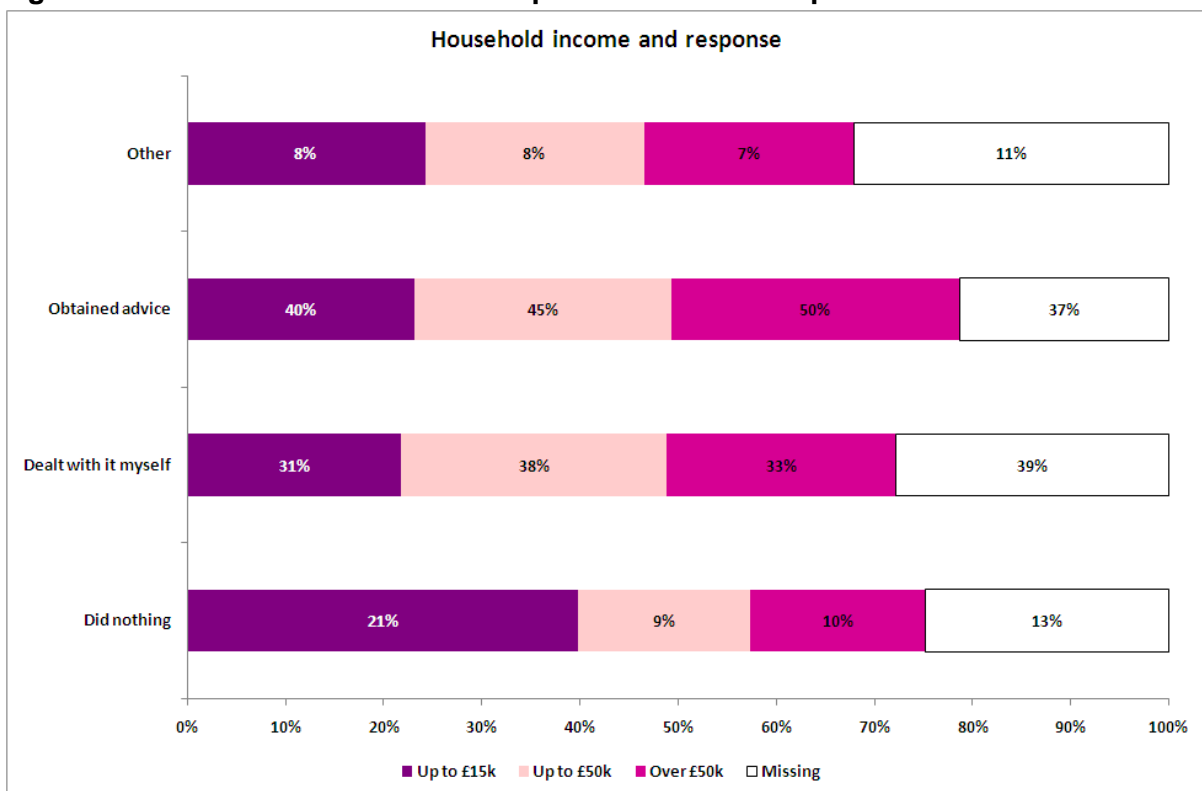
B.5.10 However not using lawyers could be driven by simplification of the process for probate and trademark applications, as much as other factors such as affordability, perceived value for money etc. With regard to affordability a range of research between 2007/08-2010/11 has repeatedly reported a general perception that legal services are expensive and unaffordable, from both private individual and small business consumers.<sup>96</sup> Recent research points to a perception of legal services as expensive: *"Solicitors are £60 before you walk in the door ... so you're almost pushed to do everything you possibly can through friends and family and the Internet... you've got to be in a really serious position before you engage a solicitor cos it costs a lot of money"*<sup>97</sup>. Indeed the inability to know costs and judge value for money was at the heart of consumers' reluctance to engage with legal services altogether. Investigations into whether probate administration should be regulated looked at why people consider, but turn down a provider type for writing wills. Of participants that considered but decided against using a solicitor, 61% gave a solicitor being too expensive as a reason, compared to 40% that considered but rejected a will-writing company<sup>98</sup>. A survey in 2009<sup>99</sup> found that one in five consumers did not seek advice even though they thought legal advice would have been beneficial. For 54% of these consumers this was because they believed it would be too expensive. Other research<sup>100</sup> looking at the response to civil and social justice problems shows that after taking account of problem type, for problem types where legal aid is most available, people eligible for legal aid are significantly more likely to use lawyers than those on low incomes, but not eligible for legal aid<sup>101</sup>. This is shown for the 2012 Legal Services Benchmarking Survey in figure 49 below.

B.5.11 An assessment of what available price indicators suggest about changes in prices is set out in D.2 below. We recognise this provides only a partial picture of prices, but it does suggest increases in rates charged. Combined with a reduction in consumer wealth driven by CPI inflation, these perceptions could be driving lower levels of service affordability. Further the 2012 Survey of Solicitors Firms<sup>102</sup> found that 28% of firms reporting a decrease in turnover over the past three years had responded by increasing fee levels.

**Figure 48. Shift away from use of solicitors in probate applications**

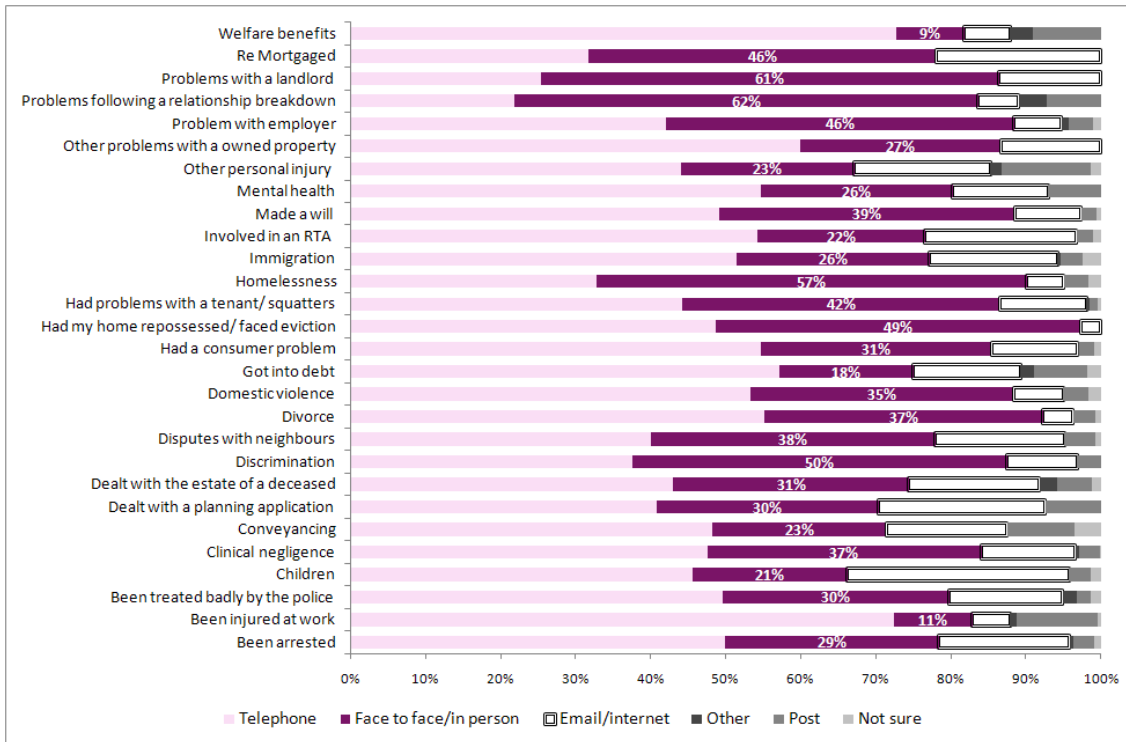


**Figure 49. Household income and response to consumer problems**

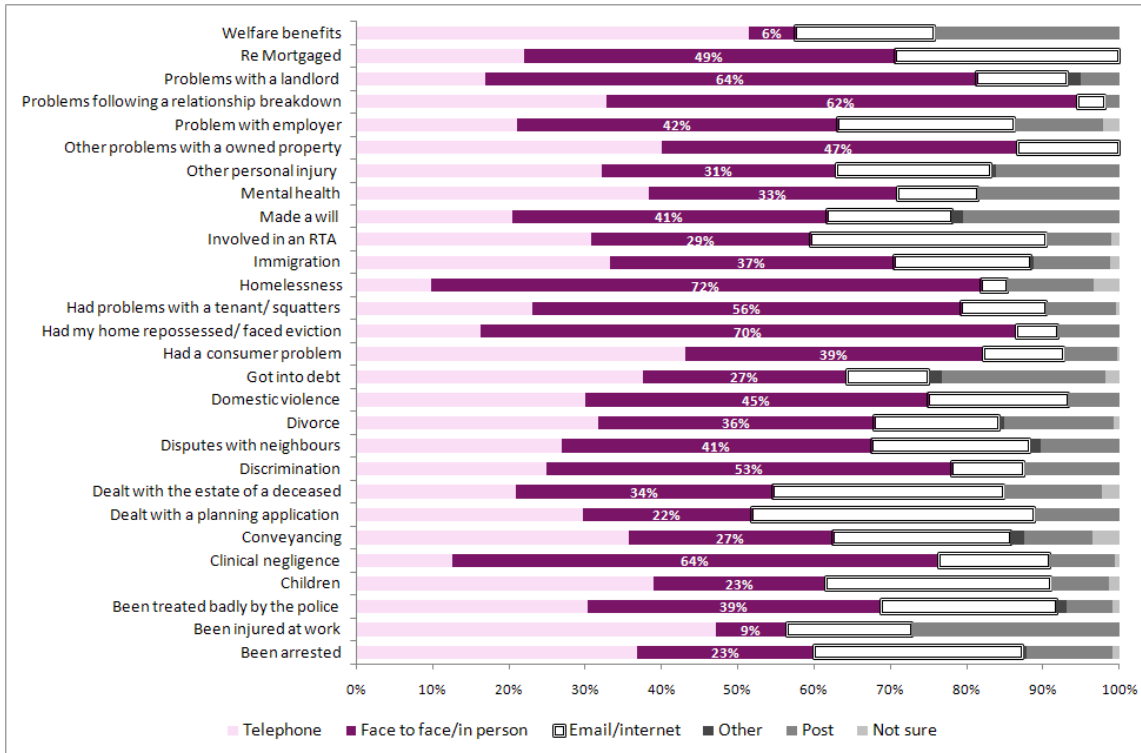


- B.5.12 How accessible services are in terms of geography is linked to the debate on when face-to-face contact is necessary for the delivery of legal services. A study in 2012 reported the views of solicitors that face-to-face contact with a legal adviser was most valuable for “*cases involving highly distressed consumers (typically in family law), consumers with communication problems (eg where a client has poor English), consumers with some degree of mental impairment (eg certain elderly clients), consumers who lack IT literacy (frequently preference was made to elderly clients), the consumer attending court*”<sup>103</sup>.
- B.5.13 Research into the use of the telephone as an alternative to face-to-face advice points to high levels satisfaction with an evaluation of National Debtline reporting two-thirds of clients surveyed preferred telephone advice to face-to-face services. However a more detailed investigation found “*that clients may not act on telephone advice because they do not remember what to do, feel implementing advice is too difficult and/or do not understand the advice they have been given*”<sup>104</sup>. Face-to-face contact with a legal adviser was described as not necessary for personal injury, will writing, conveyancing, and simple legal issues. Economic analysis suggesting there is a minimum efficient scale<sup>105</sup> in legal services – which make it uneconomic to deliver services in some geographical locations – is predicated on the assumption that legal services must be delivered face-to-face.
- B.5.14 The 2012 Legal Services Benchmarking Survey shows that face-to-face is still a key component in the delivery of legal services – both at first contact and as the main method of communication. This provides a baseline as opposed to allowing an understanding over time. In line with the findings of the 2010 study undertaken for the Law Society, justiciable areas tend to have a higher level of face-to-face contact than transactional, with only 23% of consumers reporting face-to-face as their main communication method for conveyancing problems compared to 62% of consumers with a relationship breakdown problem. The 2012 Survey of Solicitors Firms<sup>106</sup> found that 78% of firms drew at least half of their clients from their own region. Just 7% of firms reported that 20% or more of their clients were based in another jurisdiction, potentially limiting the demand for non face-to-face delivery of legal services.

**Figure 50. Face-to-face still a major element for first contact in the provision of legal services**



**Figure 51. Face-to-face still a major element in the delivery of legal services**



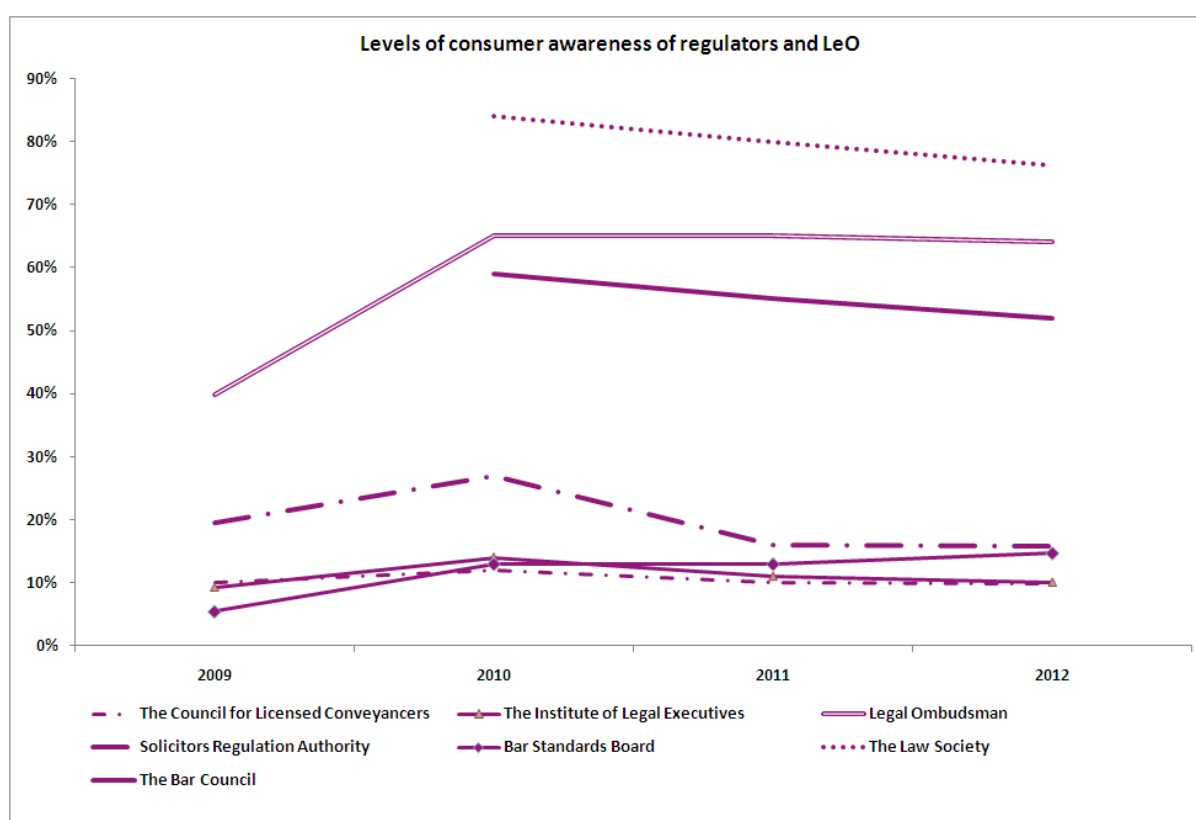
**Figure 52. Missing indicators for measuring Outcome 5**

Missing Indicators	Information Source	Date available
Availability of ADR schemes across legal sector	LSB analysis	October 2013

### Outcome 6. Consumers have confidence in the regulation of legal services

B.6.1 The public's level of trust in lawyers is around 47% (see A.3), and just 1% of the public who experienced a legal problem reported that they did not seek legal advice because they did not trust lawyers.

**Figure 53. The Law Society remains the most well known of the regulatory community.**

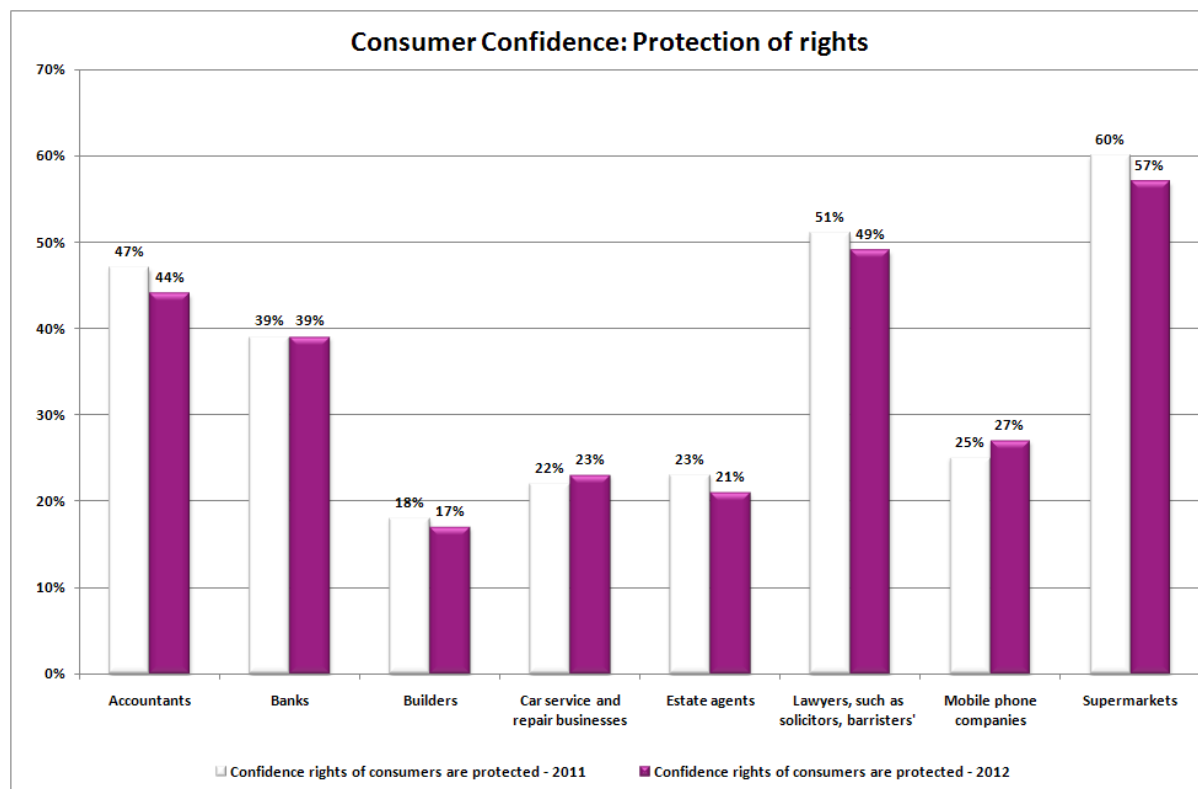


B.6.2 There are high levels of consumer awareness of TLS, the SRA and Legal Ombudsman, shown above. While the levels of awareness are generally increasing over time, research suggests that consumers wrongly believe all legal services to be regulated.<sup>107</sup> Other research reported a general assumption among individual consumers that nearly all solicitors were 'competent' was based on the common standard for qualifying, and consumers respect for the 'professions', rather than any knowledge of active regulation.<sup>108</sup> However regulators, such as the SRA, do not actively promote themselves to the public, similar to the LSB.

B.6.3 Surveys show that 49% of private consumers are relatively confident in the protection of their rights when dealing with lawyers, and in their ability to complain if something goes

wrong. This is as good as all other sectors surveyed, but far short of the levels achieved in relation to supermarkets.

**Figure 54. Consumer confidence that their rights are protected and they can complain.**

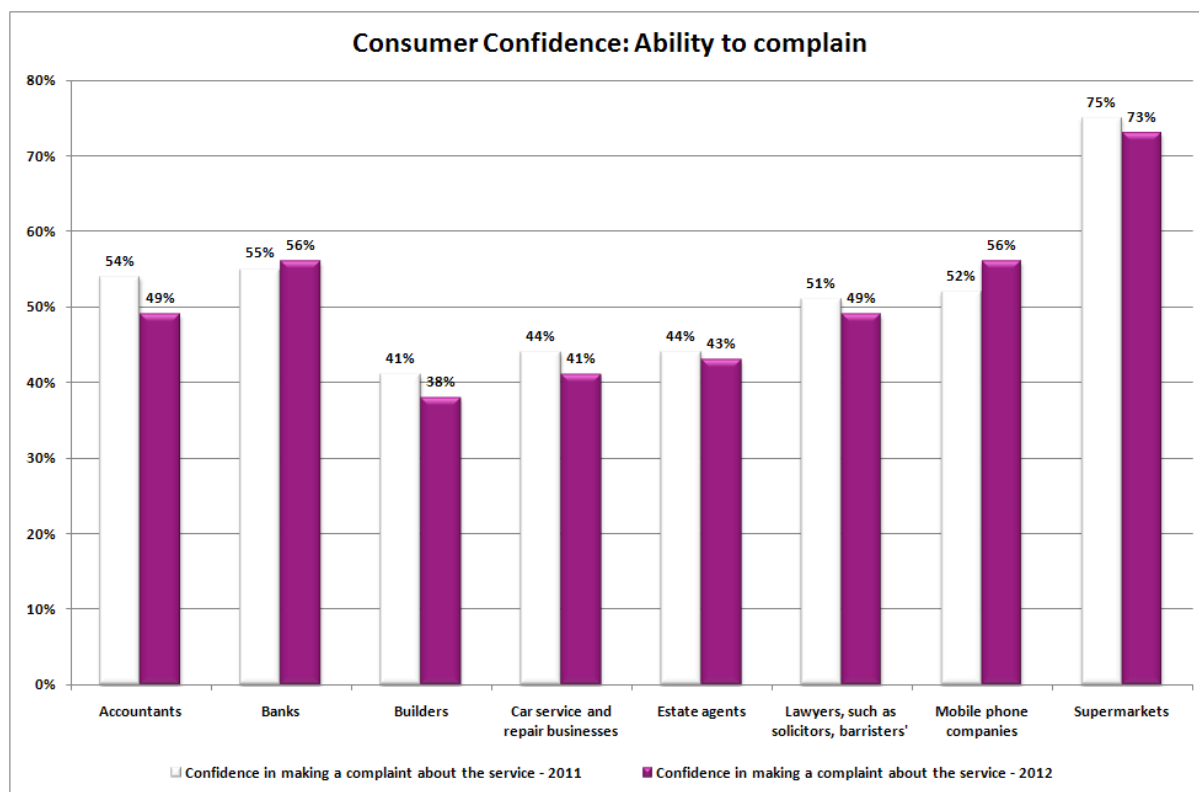


B.6.4 The process that most private consumers go through in purchasing legal services is analysed in B.8 below. This suggests that because consumers are over confident in regulation – they assume all legal services are regulated – services recommended by a friend of the family is most often chosen. For large business and government consumers of legal services, the development of panels of providers, with entry-level quality standards could be interpreted as an indicator of lower levels of confidence in the ability of regulation to ensure the quality of services,. Recent press coverage suggests these types of panels are on the increase.<sup>109</sup> To what extent these panels are used to ensure quality of service, as opposed to trying to achieve economies of scale, is unclear. Consumer confidence in regulators will be a key measure to track over time.

B.6.5 Consumer engagement by the regulators was low in 2012 as it was in 2011. The LSCP report that the SRA was the only one of the regulators to publish any consumer research. As the Regulatory Information Review shows, only the SRA, TLS, and BSB have undertaken and published any research into consumers over the past five years. Engagement with consumers is important if they are to have a level of confidence in regulation. As the LSCP stated in their 2011 report “*Effective engagement requires both expert input and direct dialogue with the public. This is not a choice between the two: experts cannot second-guess how consumers think and behave in the real world, while the public will struggle to analyse critically detailed regulatory issues through a consumer*

*interest lens*".<sup>110</sup> A review of approved regulator websites found no consultations or active engagement with consumers, asides from the SRA's research work with the LSCP. They appear to be the only regulator that uses consumer feedback in policy development at this point in time. This will be an area to monitor going forward.

**Figure 55. Consumer confidence that they can complain if dissatisfied**



**Figure 56. Missing indicators for measuring Outcome 6**

Missing Indicators	Information Source	Date available
Value consumers place on regulation	LSB research - Opinion Leader	December 2012
Number of decisions overturned by approved regulators, including SDT activity and appeals against ABS applications	LSB Analysis	October 2013

### Outcome 7. Consumers have confidence in the legal sector

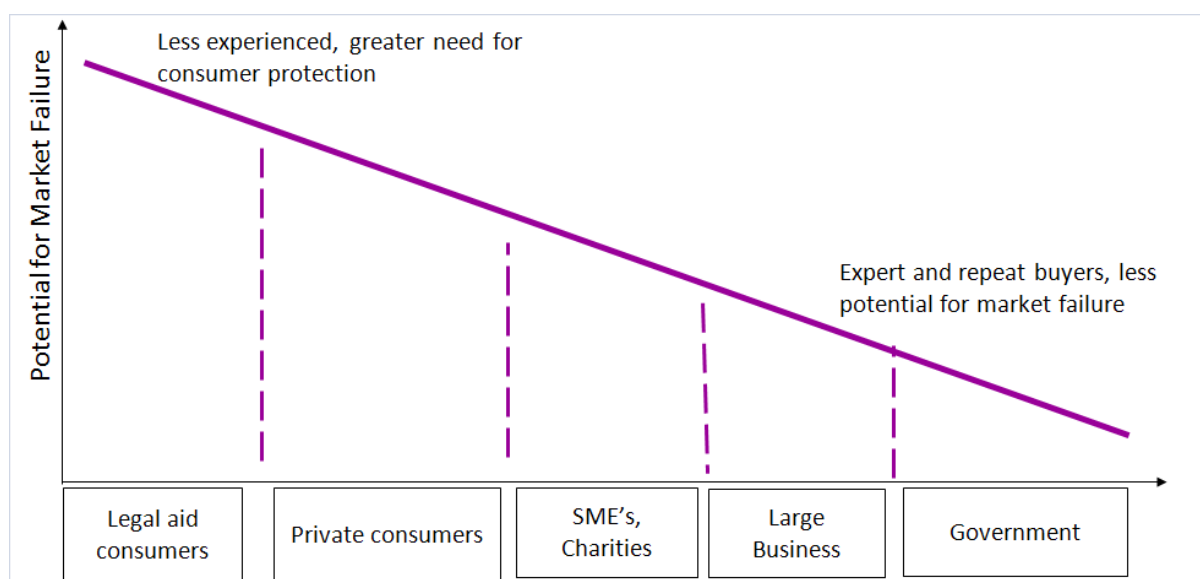
B.7.1 An analysis of confidence in the sector is set out in A.3. above. The key element here is that a lack of confidence in lawyers doesn't deter people from accessing legal services. As set out in figures 46 and 47 above, a small proportion of consumers have taken no action or dealt with problems on their own because of a negative assessment of the services on offer. This provides a baseline for future evaluations.



## Outcome 8. Consumers are confident and empowered<sup>111</sup> in their dealings with legal services

- B.8.1 We assume that consumers' frequency of use of legal services is key to understanding levels of confidence and empowerment and we will monitor how these change over time. Consumers can be segmented on this basis, as set out in figure 57 below.
- B.8.2 Our assumption is that because the private consumer – the natural person - uses legal services less frequently than other groups, having greater search costs and switching costs, they are therefore less empowered at present. This is supported by research findings showing for private consumers '*there was a poor understanding of what is involved in the provision of legal services, and the expertise required. This meant that participants found it difficult to make any valid comparison between two alternative services providers, as a) they did not know what skills/experience to look for in a legal services provider and b) they did not know how to go about finding out what their skills and experience were.*<sup>112</sup> This is further supported by the prevalence of personal recommendations in individual consumer's choice of provider, set out in A.2 above.

**Figure 57. Consumers of legal services segmented by experience.**



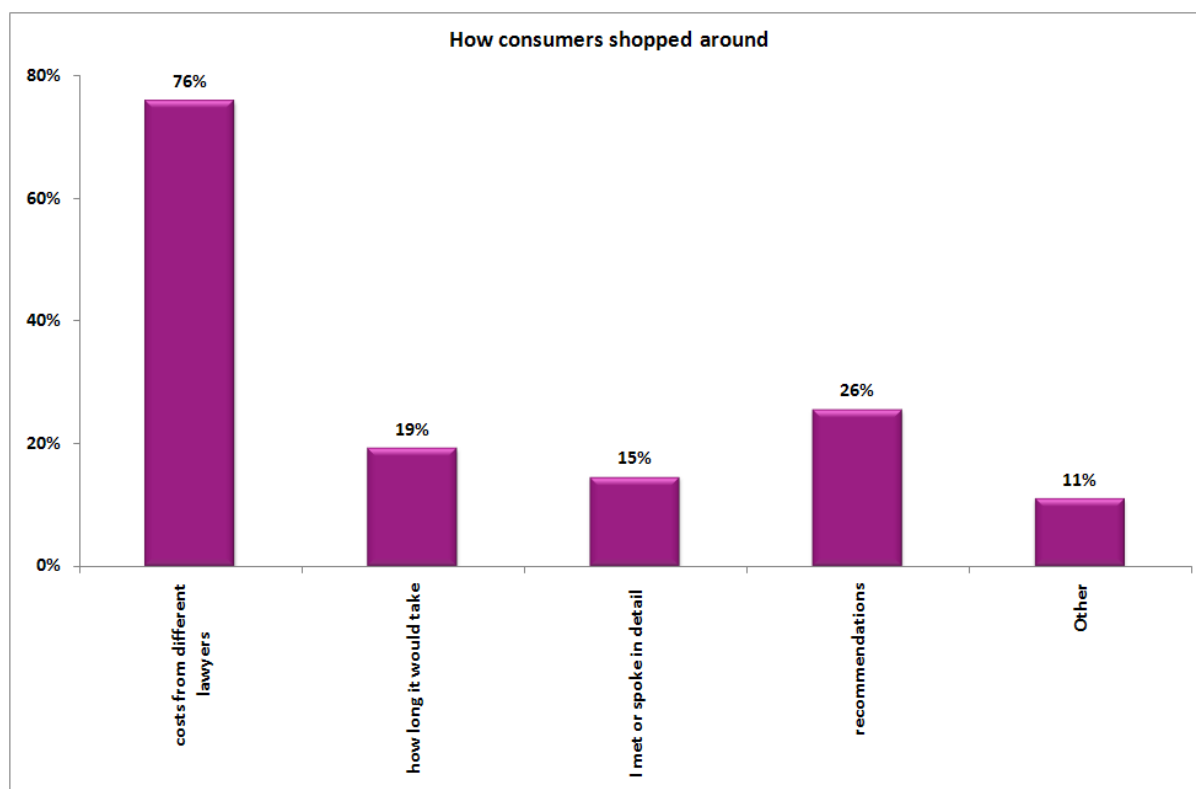
- B.8.3 At the other end of the scale, larger businesses can be seen as expert buyers of legal services, with their own in-house solicitors and other legal professionals frequently involved in the procurement process and often using buying power to negotiate down prices.<sup>113</sup> This is supported by a range of reports that show them frequently negotiating down fees, and using alternatives to traditional legal services such as Legal Process Outsourcing (LPO).<sup>114</sup>
- B.8.4 Private consumer confidence in the legal sector and the protection of their rights is set out in A.3 and B.6 above. The 2011 LSCP Consumer Impact Report highlights the relatively low level of consumer empowerment when dealing with legal services with only 1 in 5 private consumers shopping around. Of these 76% did so on the basis of price, shown below. They point to a consumer survey which shows that only 1.4% of

consumers used price comparison websites for the purchase of legal services. This compares to 43% of consumers saying they wanted to use them.<sup>115</sup> This should be contrasted with 56% of consumers using price comparison websites for car insurance, and 32% for household insurance.

B.8.5 However the level of shopping around for some areas is clearly higher than in others. For example one piece of research reported that the level of private consumers shopping around in conveyancing was 48%.<sup>116</sup>

B.8.6 Price information on legal services is limited (see D.12 below). Traditionally prices would be quoted by the hour and excluding the costs of additional services or disbursements, meaning overall costs would remain unknown. This means comparing prices is very difficult and time consuming. The general availability of price information is clearly an enabler for consumers to be empowered in their dealings with legal service providers.

**Figure 58. Only 1 in 5 individual consumers shopped around, and most of them did so on the basis of price.**

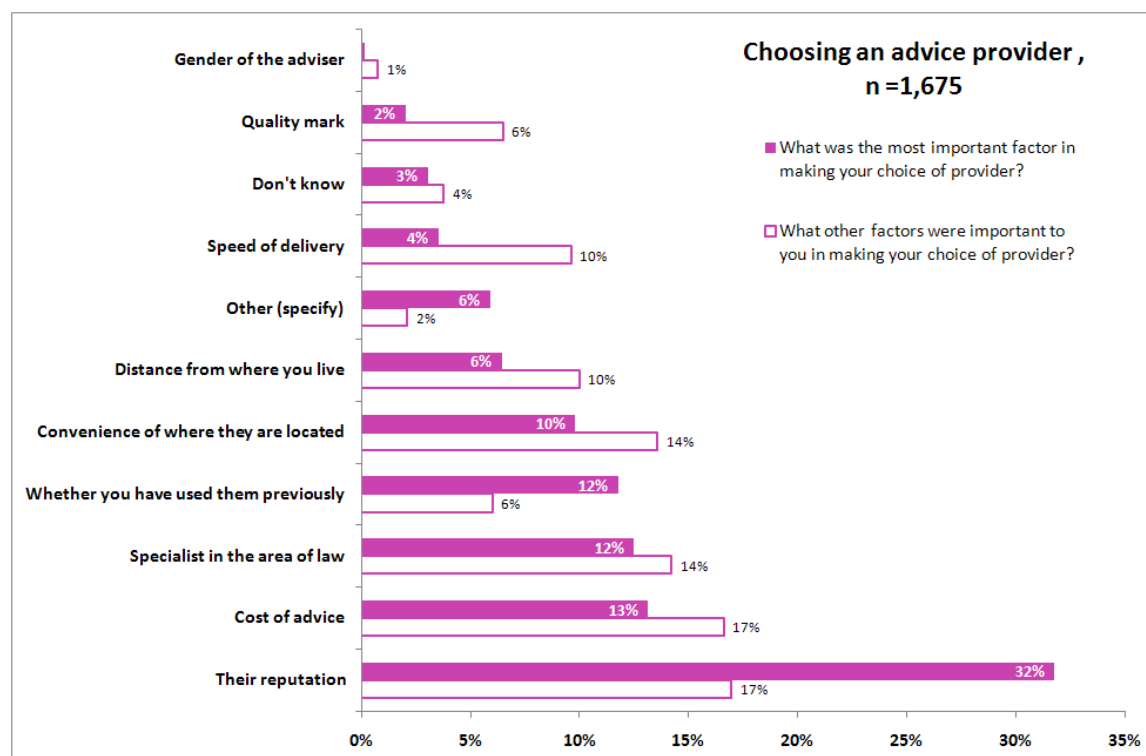


B.8.7 However, price is not the only consideration in buying legal services. Individual consumers make a decision based on a range of factors, including their own assessment of the problem they face, and the quality of service required. Research highlights that *'professionals such as divorce advisors or will-writers or even banks providing a will-writing service were an acceptable choice in simple circumstances (eg an amicable divorce with no children or substantial assets, or a will in similar circumstances)*. However, at the merest hint of complexity or potential acrimony consumers wanted the

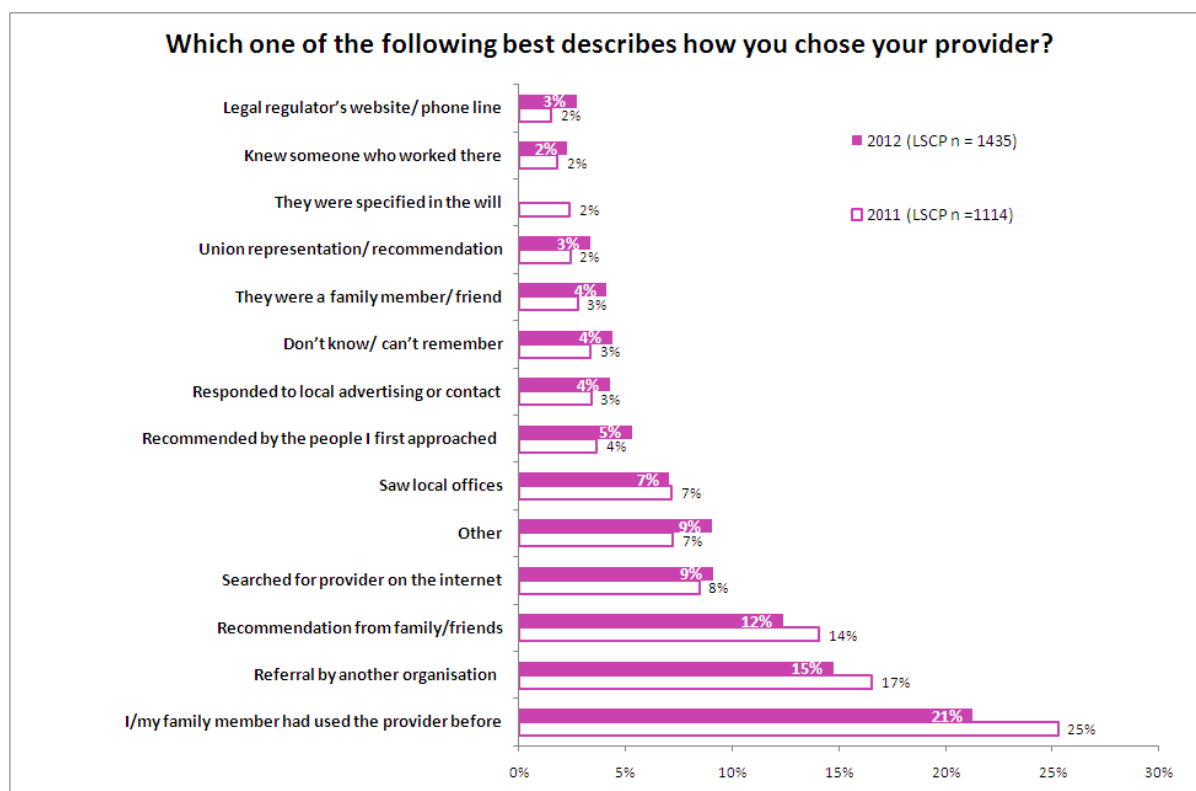
*reassurance of using a solicitor*.<sup>117</sup> This is further demonstrated by the fact that when consumers did shop around price was one of many factors considered.

- B.8.8 The investigation by the LSCP demonstrates the low level of awareness of voluntary quality mark schemes, with only 4.7% using them as part of the consumer buying process (see A.4 above). These are largely identifiers of technical competence, most relevant for expert buyers of legal services or funders of public legal advice. How this changes over time is likely to be affected by the potential for brand names to act as quality marks in terms of reputation and service. In terms of monitoring changes in empowerment, our focus going forward is on private consumers of legal services.
- B.8.9 The 2012 Legal Services Benchmarking Survey shows that consumers choose legal advice providers on the basis of a range of factors. In this survey of consumers who did seek advice, geographic factors were the most important factor for just 16% - half the proportion who relied upon the reputation of providers (32%), but more than costs (13%) and specialism (12%).<sup>118</sup> However location of provider is one of the other important factors that consumers consider when choosing a provider – being mentioned by 24% of consumers. This is shown in figure 60, which utilises the findings of the 2011 and 2012 Legal Services Consumer Panel Tracker surveys to consider how this is changing over time. What can be seen is a small reduction in the use of previous providers.
- B.8.10 Future evaluations will seek to utilise the findings of the LSCP investigation into consumer engagement, with a phase 1 report due in April 2013, to better evaluate changes in consumer empowerment.

**Figure 59. Most important factor in choosing a provider**



**Figure 60. How consumers choose their advice provider over time**



**Figure 61. Missing indicators for measuring Outcome 8**

Missing Indicators	Information Source	Date available
Trends in the number of consumers using price comparison websites	LSCP Research	October 2013
Availability of price information for legal services	LSB Research	October 2013
Consumer recognition and use of legal services specific quality marks	LSCP Research	October 2013

## C. The public

### Outcome 9. Wide confidence in the law and the legal sector

- C.9.1 As set out in A.3. above, surveys suggest that the wider public has high levels of trust in judiciary, and lower levels of trust in lawyers. This needs to be offset against the high levels of satisfaction for users of legal services, set out in A.2, and high levels of confidence in the quality of work of solicitors. This points to a high degree of confidence in the solicitor brand.
- C.9.2 However, there are falling levels of use of lawyers for probate and trademark applications, and less use of advisers generally. Perceptions that law works better for the rich have not changed over time, nor has the proportion of those with a legal problem who think they will get a fair trial (see section D 13.).

**Figure 62. Missing indicators for measuring Outcome 9**

Missing Indicators	Information Source	Date available
Diversity of profession, judiciary	Judicial Appointments Commission Diversity reports	October 2013

### Outcome 10. An efficient legal system delivering quality legal services at a reasonable cost

- C.10.1 This outcome generated the most debate. Proposals for looking at the start and end date of trials and conveyancing transactions were put forward by some only to be seen as ineffective measures of efficiency by others. The challenge of measuring efficiency in the legal system remains, and none of the proposed indicators rise to the challenge satisfactorily. However, the length of time taken to resolve disputes or undertake legal transactions has to be a part of the efficiency of any legal system and in the absence of better data we continue to utilise these measures.
- C.10.2 The Open Justice website contains a significant amount of data on the length of trials, showing an average case length of 30 weeks for small claims civil cases, 58 weeks for large claims civil cases, 54 weeks for care proceedings, and 23 for criminal proceedings, based on data published in June 2012<sup>119</sup>. Recent data from HMCTS shows small reductions in the length of criminal hearings between 2007/08-2009/10, and a drop in the number of weeks taken for Care proceedings cases.<sup>120</sup> The number of court cases is falling over time, but the number of days sat by judges is increasing – suggesting longer trials. We do not know to what extent the fall in court cases is driven by lower levels of problem incidence, or greater use of ADR channels. Recent data shows fall in the average length of time taken from proceedings being issued to resolution in the 2011 period.<sup>121</sup>

C.10.3 Data from the World Bank in 2011<sup>122</sup>, looking at the efficiency of contract enforcement, puts the United Kingdom in eighth in terms of time taken and thirteenth in terms of costs when compared to 15 other economies. This assessment follows the evolution of a sale of goods dispute, tracking the time, cost and number of procedures involved from the moment the plaintiff files the lawsuit until actual payment.

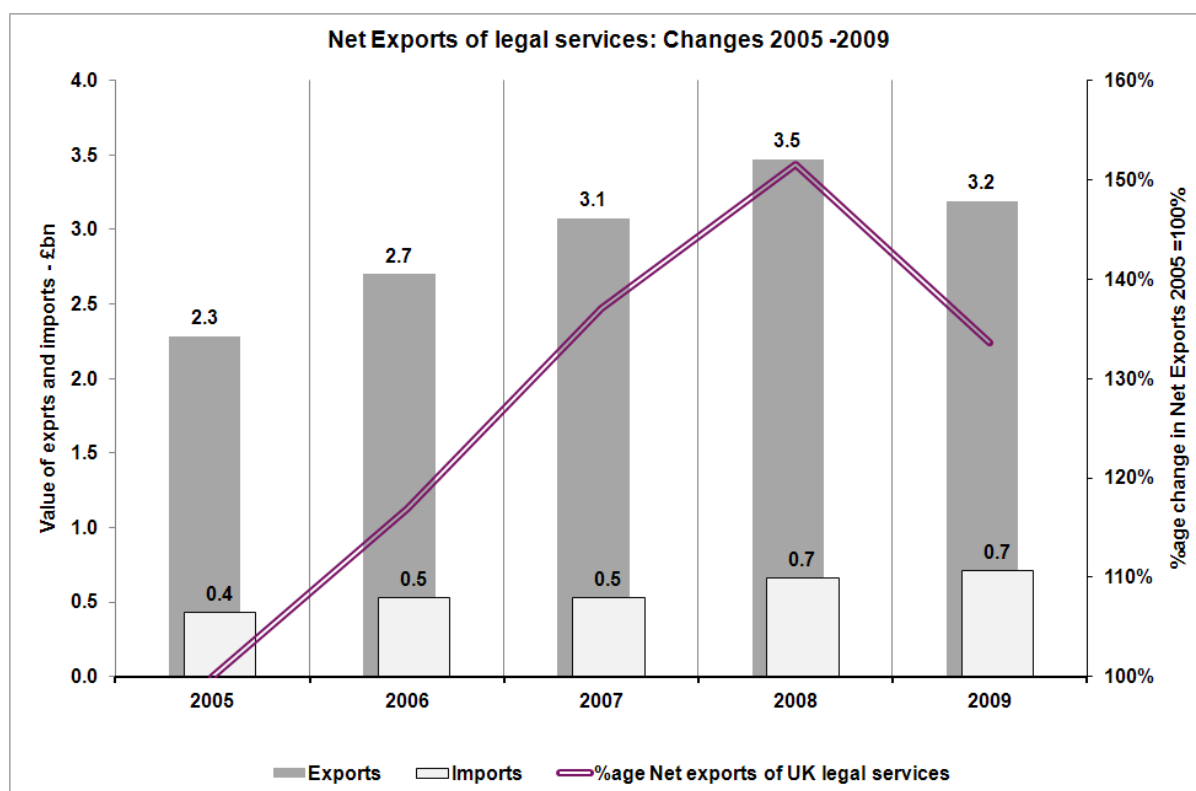
**Figure 63. UK ranked 8<sup>th</sup> for time taken but 13<sup>th</sup> for cost of enforcing contracts among 16 economies.**

Economy	Time (days)	Cost (% of claim)
Australia	395	21.8
Belgium	505	17.7
Canada	570	22.3
Denmark	410	23.3
France	331	17.4
Germany	394	14.4
Greece	819	14.4
Ireland	650	26.9
Italy	1,210	29.9
Netherlands	514	23.9
New Zealand	216	22.4
Norway	280	9.9
Switzerland	390	24
Turkey	420	27.9
United Kingdom	399	24.8
United States	300	14.4

C.10.4 The level of quality of legal services is discussed in A.2. As set out in D.12. below, we have very limited information on actual prices for legal services. Research looking at will-writing found a range of prices that varied between and across different types of law firm. One third of consumers who used a solicitor or a specialist will-writer paid over £150 for their will. Customers using specialist will-writers were more likely to pay £50 or under for their will (16%) than solicitors' customers (7%), while those who used solicitors were more likely to pay more than £50 but less than £150 (45%) than those who used specialist will-writers (37%).

C.10.5 An additional proxy indicator of the perception of efficiency is the international demand for legal services provided by firms based in the UK. There has been a significant growth in net exports of legal services, according to the Office of National Statistics (ONS). This trend is shown in figure 64 below, with even post recession figures being over 30% higher than in 2005. The largest percentage growth has come from Commercial Barristers Association members, with exports growing from £76m in 2008 to £84m in 2009 – an 11% increase.<sup>123</sup>

Figure 64. Growing net exports of UK legal services



C.10.6 The MoJ reports<sup>124</sup> that more international and commercial arbitrations take place in London under English law than in any other city in the world and 90% of commercial cases handled by London law firms now involve an international party. Figures from the London Court of International Arbitration show that a growth in use by overseas parties, with 19% of parties coming from the UK in 2009 compared to 13% in 2006.<sup>125</sup> This is expected to grow following the building of a modern court centre in London for the Chancery Division of the High Court, the Admiralty and Commercial Court and the Technology and Construction Court, which opened at the end of 2011. Further reports<sup>126</sup> show rising volumes of different forms of commercial arbitrations over time.

C.10.7 Using the findings of the 2012 Solicitors Survey we can in due course estimate the average turnover generated per consumer for solicitors firms.

Figure 65. Missing indicators for measuring Outcome 10

Missing Indicators	Information Source	Date available
Court service user survey findings	MoJ	October 2013
Proportion of 'Cracked' trials	HMCTS statistics	October 2013
Expenditure on legal services per legal need met	Survey of Solicitors' Firms	October 2013

## Outcome 11. Wide confidence in the standards and ethics of the legal profession

- C.11.1 Sections A.2 and A.3 above provide analysis of consumer confidence as measured by trust, and the changes in complaints. Section B.6 shows the levels of awareness of regulators. There are a few other sources of partial information that can be used to measure this outcome.
- C.11.2 The LSCP 2011 CIR summarises changes in the regulators independence from representative arms. They report that in relation to the Internal Governance Rules designed to safeguard independence, “*the rule has been undermined by some approved regulators delaying in changing the composition of their regulatory boards to achieve lay majorities. Only 3 out of 7 of these boards – the Costs Lawyer Standards Board, ILEX Professional Standards and the Intellectual Property Regulation Board – have a lay majority*”.<sup>127</sup>
- C.11.3 A 2011 investigation by Transparency International<sup>128</sup> found very low levels of corruption and fraud in the UK’s legal sector despite the occasional high profile case. The Office for Judicial Complaints received 647 complaints in 2009, of which 19 (3%) were over conflicts of interest and 9 (1%) related to misuse of judicial status.
- C.11.4 The SRA Professional Ethics helpline<sup>129</sup> shows a falling proportion of calls over time, which could be driven by a range of different factors not captured here, such as lower levels of ethical concerns among solicitors, or alternative sources of advice for these concerns.

**Figure 66. Falling ethical concerns contrasted with rising number of solicitors**

	2006/07	2007/08	2008/09	2009/10	2010/11
<b>Calls to SRA professional ethics helpline</b>	66,683	67,397	69,270	64,029	58,193
<b>As a % of 06/07 levels</b>	100%	101%	104%	96%	87%
<b>Percentage change in number of solicitors</b>	100%	104%	108%	108%	111%

- C.11.5 Research commissioned by the LSB<sup>130</sup> will provide a framework for benchmarking existing professional ethics and allow future work to track changes in ethical concerns over time.

**Figure 67. Missing indicators for measuring Outcome 11**

Missing Indicators	Information Source	Date available
Analysis of approved regulators’ conduct information – Regulatory Standards	LSB	October 2012
Professional Ethics measurement framework	LSB & AR Research	October 2014

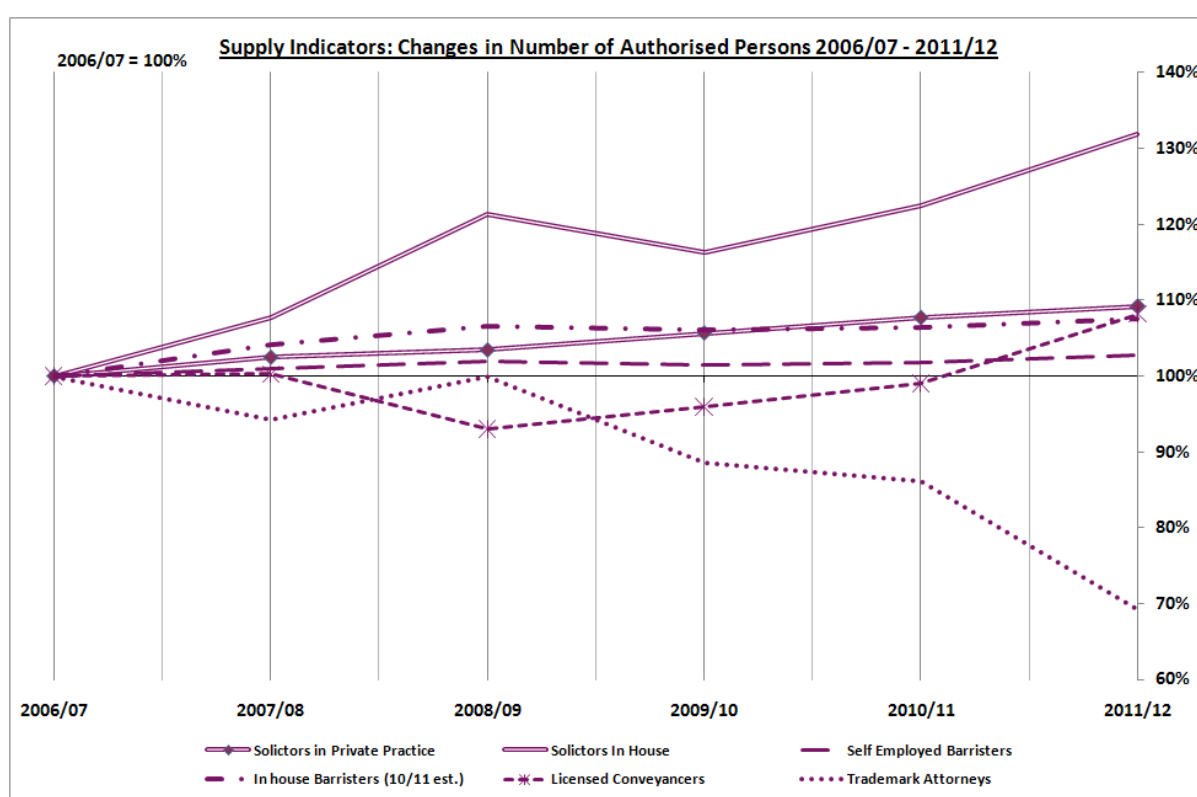


## D. The market

### Outcome 12. The market for legal services is more competitive

- D.12.1 Changes in competition can be measured across a range of proxy indicators looking at changes in supply of legal services, prices charged, and changes in demand for services. These are drawn from the Oxera framework.
- D.12.2 Looking at the number of individual authorised persons over time shows large increases for solicitors and barristers, with falls in the number of trademark attorneys, though this may be a result of changes in dual registration with patent attorneys. The biggest increase is solicitors working in-house.

**Figure 68. Growing numbers of authorised persons over time**

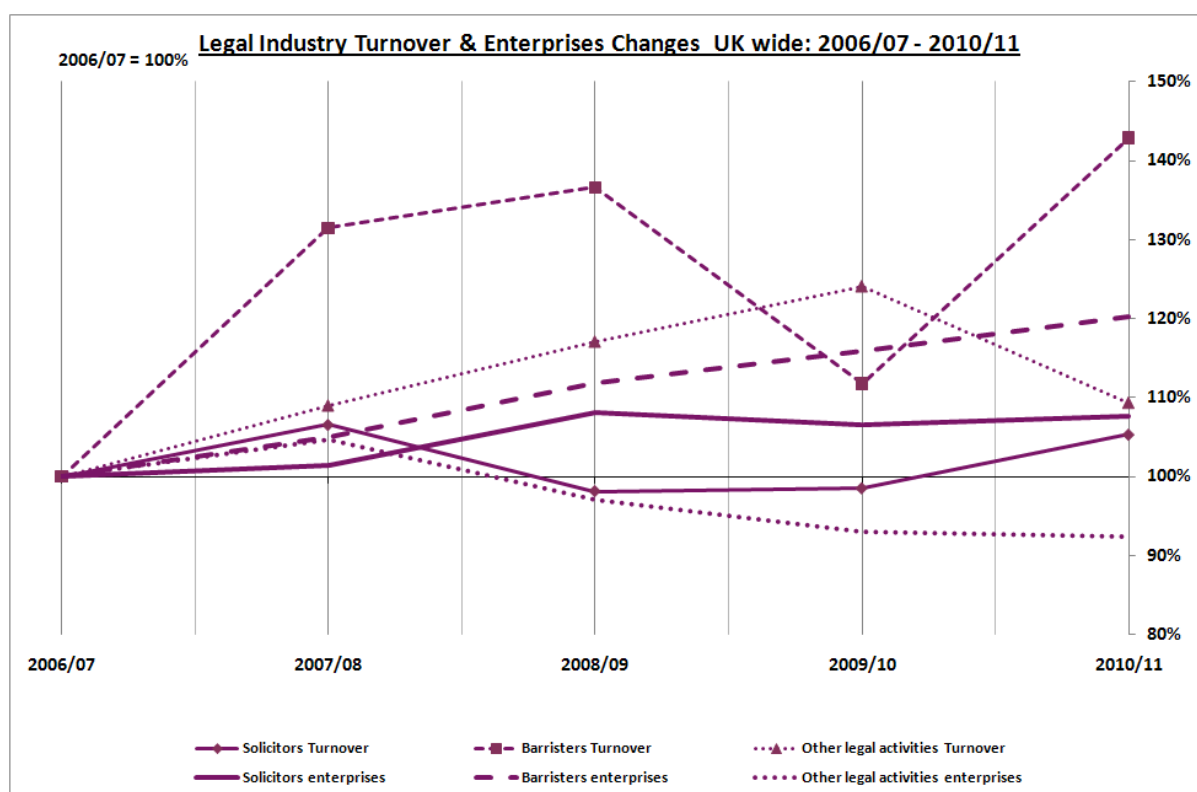


- D.12.3 It has been observed that the LSA has led to a focus on what legal services can be offered outside regulation. For example, before becoming a licensed body<sup>131</sup>, Co-operative Legal Services was established in 2006, and by 2010 had a reported turnover of £20m from providing primarily unreserved legal services in employment and will writing.<sup>132</sup> Based on SRA turnover data this would put it in the top 5% of solicitors firms by turnover. There is virtually no publicly available information on the unreserved sector, but it is estimated to be at least as large as the reserved sector, employing upwards of 130k people<sup>133</sup> compared to 136k authorised persons in 2010/11. While it only relates to one segment, Office of the Immigration Services Commissioner (OISC) data shows the number of immigration for profit providers growing by 28%<sup>134</sup> between 2008/09-2010/11.

D.12.4 Looking at total market values, ONS data for the UK shows the legal services sector total industry turnover returned to pre-recession levels in 2010/11 reaching £25.49bn compared to £25.47bn in 2007/8. Figure 69 below shows the fall in turnover of around 8% for solicitors' firms between 2007/8 and 2008/9, returning to pre-recession levels last year. However, for barristers and other legal activities, turnover grew during this period driving the return to pre-recession turnover levels for the whole market. During this period, solicitors' firms consistently account for around 44% of legal industry entities and generate around 60% of the total turnover. Non-solicitor and barrister legal services consistently account for a third or more of total industry turnover. While services provided by unreserved legal businesses are included in these figures, there is no way of separating these from reserved legal service providers. This breakdown is shown in figure 70. From a consumer perspective the 2012 Legal Services Benchmarking Survey shows that unreserved legal service providers are used quite extensively – see B.4 above.

### Knowledge Gap 5 – Size of the unreserved legal sector

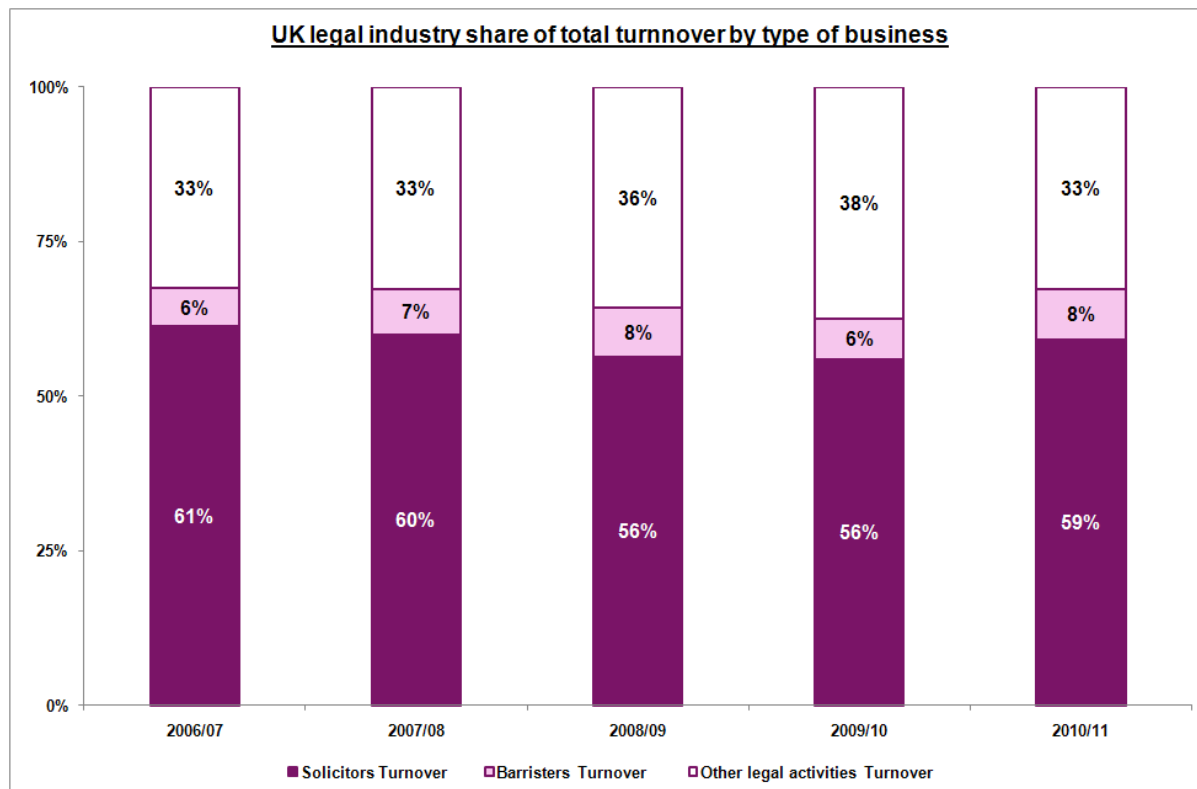
Figure 69. A growing legal industry



D.12.5 While these figures suggest little change in supply, the SRA performance statistics show the churn of solicitors' firms – the ratio of firms closing to those opening – increasing from 1:1.8 to 1:2.3 over the 2008-2011 period.<sup>135</sup> Over this period, the proportion of all solicitors firms classified as sole practitioners fell from 46% to 39%, and the proportion of firms classified as 2-4 partners grew from 41% to 46%. The proportion of larger firms remains constant. There is little evidence of consolidation of solicitors firms in terms of size organisation measured by the number of solicitors employed. Against a background

of a growing number of firms and solicitors, this would suggest that sole practitioner firms have grown in size proportionally faster as a group.<sup>136</sup>

**Figure 70. Nonsolicitor legal services account for two fifths of UK legal industry turnover**



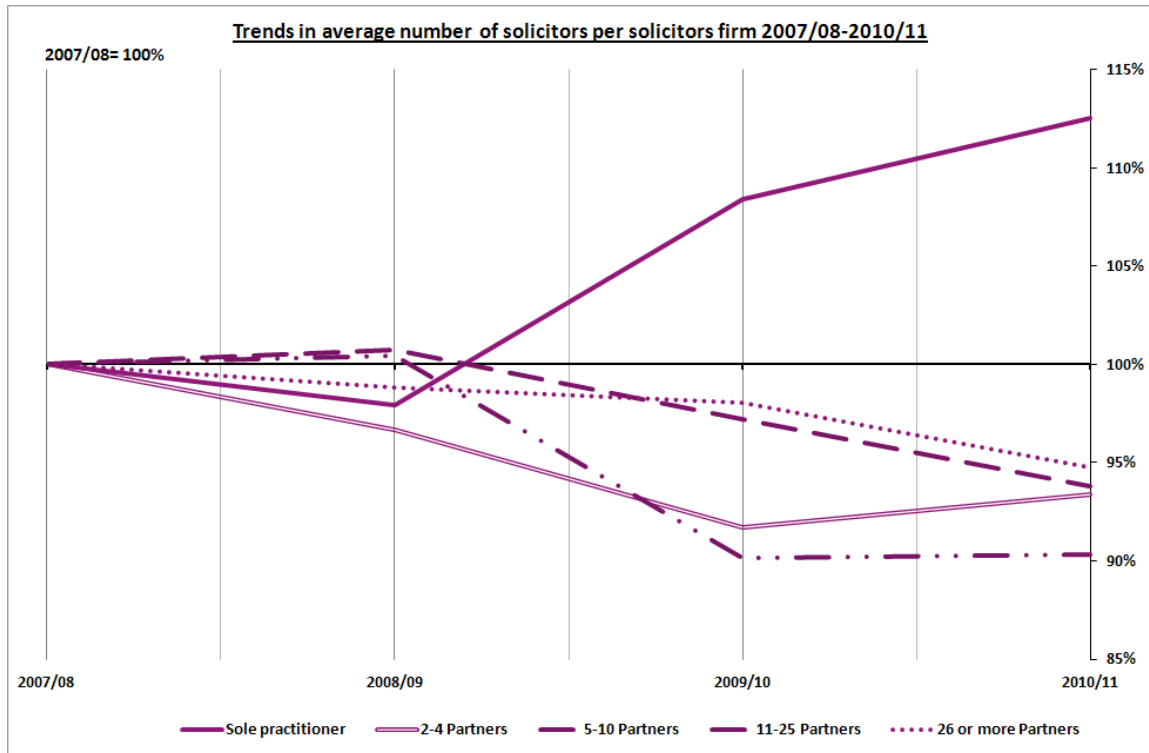
**Figure 71. Reduction in the proportion of solicitors' firms owned by sole practitioners**

	Sole Practitioner	2-4 Partners	5-10 Partners	11-25 Partners	26-80 Partners	81+Partners
2006/07	46%	41%	9%	3%	1%	0.3%
2010/11	39%	46%	10%	3%	1%	0.5%

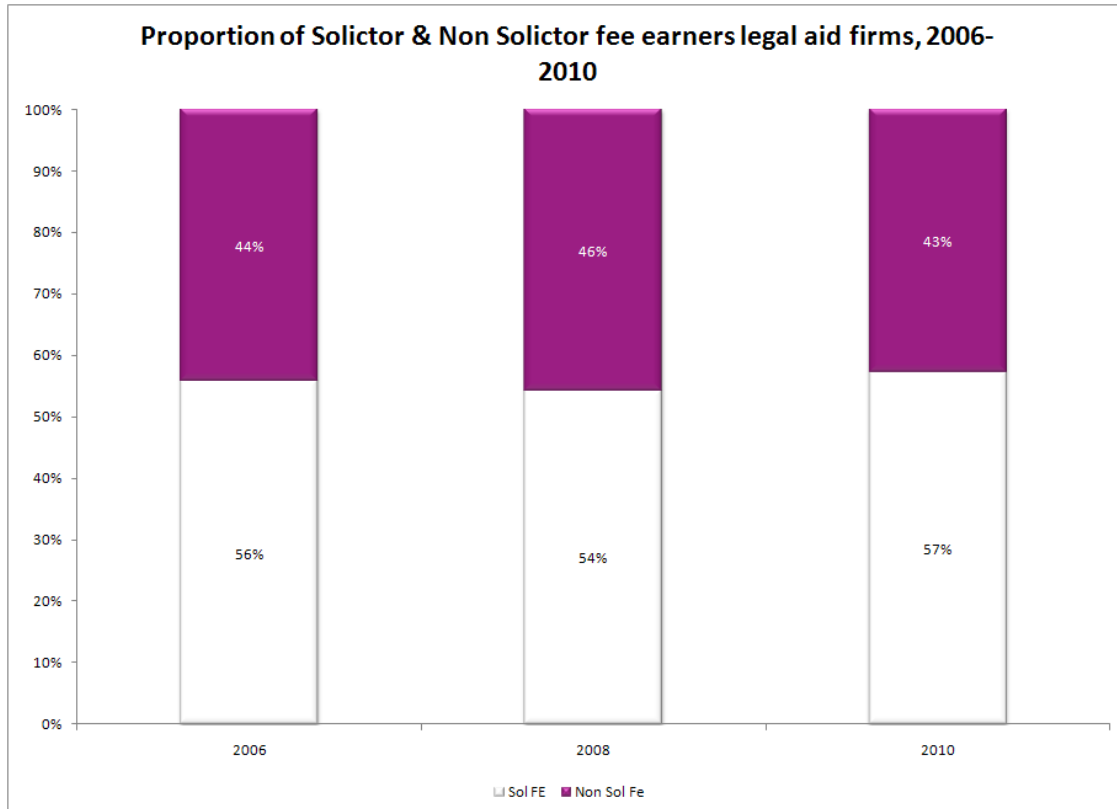
D.12.6 Considering organisational structures, published information shows that over the 2009-2012 period:

- The number of solicitors working in private practice has increased by 5%, compared to a 3% increase in the number of solicitors' firms.
- There have been significant proportional increases in the number of solicitors' firms registered as LLPs from 5% to 12% between 2008/09 and 2010/11. This is believed to be due to tax advantages.<sup>137</sup>
- Gearing - the number of fee earners per partner – has increased slightly from 1.29 to 1.45.
- For the Bar, while the number of barristers has grown over time, the proportion of employed barristers has remained constant at around 20% (see B.5 above).

**Figure 72. Average number of solicitors per firm increasing in firms owned by sole practitioners**



**Figure 73. Constant proportional use of non-solicitors in legal aid firms**



- D.12.7 Aside from the 493 Legal Disciplinary Practices<sup>138</sup>, these measures suggest a small consolidation among solicitors' firms, but with an underlying growth in supply. It remains too early to assess the impacts of ABS. As at June 2012 the SRA had received 74 applications and granted five ABS licences<sup>139</sup>. At the end of August 2012, there were 32 organisations listed on the SRA's licensed bodies register though three of these licences related to one organisation. At the same date the CLC regulated seven ABS firms providing probate and conveyancing reserved legal activities<sup>140</sup>.
- D.12.8 Analysis of SRA data shows that in 2009/10 around 40% of fee earners in firms regulated by the SRA are not solicitors.<sup>141</sup> For legal aid solicitor firms, diversity surveys consistently show around two out of five fee earners are non-solicitors, set out in figure 73.<sup>142</sup> This suggests a largely constant ratio of solicitor to non-solicitor fee earners. We have no information on the makeup of other regulated and unregulated entities.

### Knowledge Gap 6 – Staff employed in reserved and unreserved legal service providers.

- D.12.9 Information on the changes in the activity undertaken in these firms is also very limited. This makes analysis of market concentration very difficult. However, for conveyancing we have a proxy measure of market share by volume of transactions registered with the Land Registry electronic services, which will cover the majority of conveyancing transactions undertaken, though not all. This shows little change in market share or the volume of organisations undertaking this work. In 2006/07, 25% of conveyancing registrations were undertaken by 3.5% (314) organisations. A total of 8,888 organisations undertook conveyancing registrations. In 2010/11, 25% of conveyancing registrations were undertaken by 2.5% (208) organisations. A total of 8,304 organisations undertook conveyancing registrations, 83% of which were undertaking this work in 2006/07.
- D.12.10 This is against a background of falling overall volume of conveyancing transactions highlighted in Section 3 above. In 2010/11, the volume of electronic conveyancing registrations at the Land Registry was running at 52% of 2006/07 levels. At the same time in 2010/11 the number of organisations was 93% of 2006/07 levels. The average number of conveyances per organisation was 149 in 2006/07 compared to 84 in 2010/11. It is believed that these organisation are providing services on a wider geographical area. A survey of estate agents in 2010 found that 42% of estate agents observed an increase in the use of national conveyancers while only 26% observed a decline in the use of national conveyancers.<sup>143</sup>
- D.12.11 LSB initial analysis of SRA data for 7,806 (71%) firms, looking at the changes in turnover between 2010/11 and 2011/12 suggests more change, than looking at conveyancing alone.<sup>144</sup> This shows that in between 2010 and 2011 in each category of law, solicitors' firms start to offer new services and withdraw from others, and is shown in figure 75.

D.12.12 The 2012 Survey of Solicitors' Firms found that turnover over the last three years had remained the same for 27% of respondents, increased for 32% and decreased for 42% . This is shown in figure 76. For firms reporting more than a 10% increase in turnover:

- 54% had invested in new technology while 2% had reduced investment,
- 51% had increased the number of permanent fee earning staff while 10% said they had reduced the number of fee-earners,
- 42% had increased fee levels while 8% had decreased fees,
- 32% had changed the breadth of their practice,
- 25% had changed their method of charging,
- 18% had changed their geographical coverage,
- 7% had merged with another firm

**Figure 74. Little change in market share for conveyancing over the past 5 years**

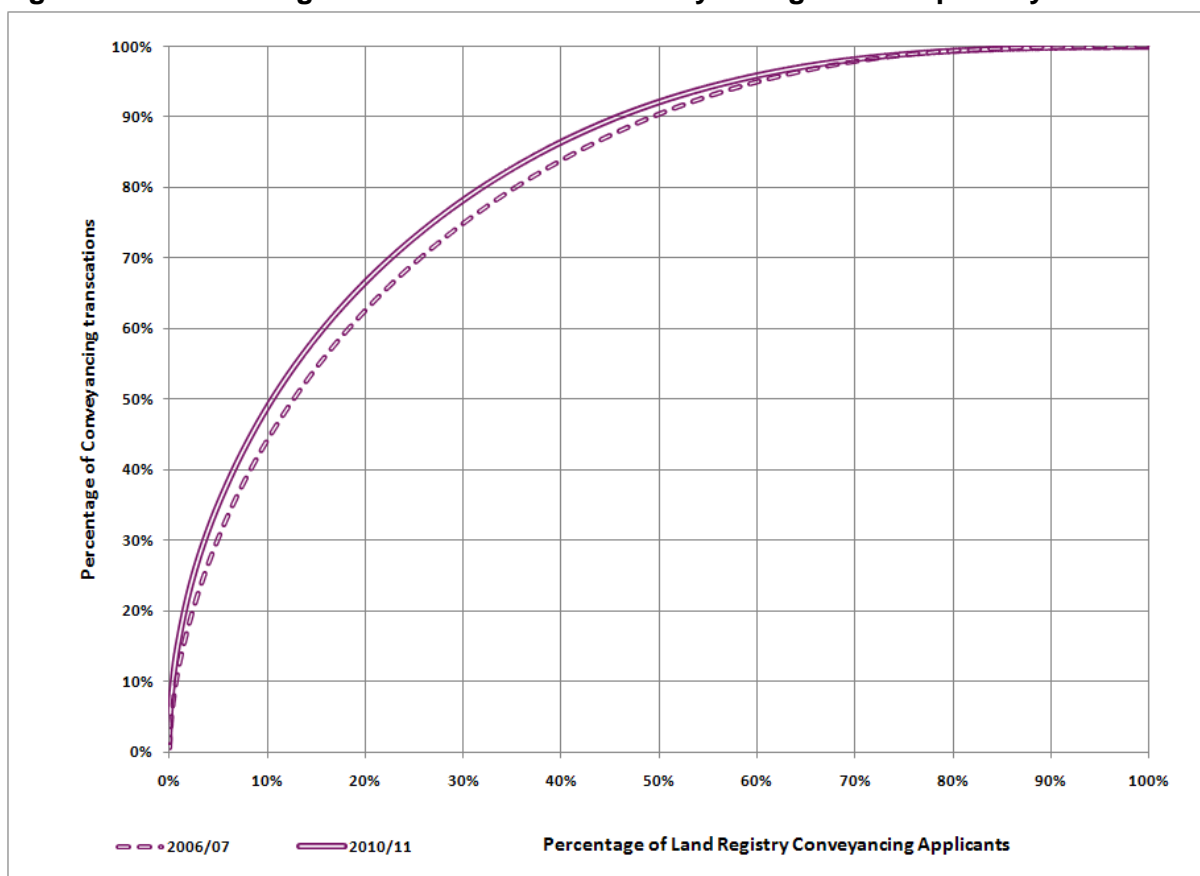
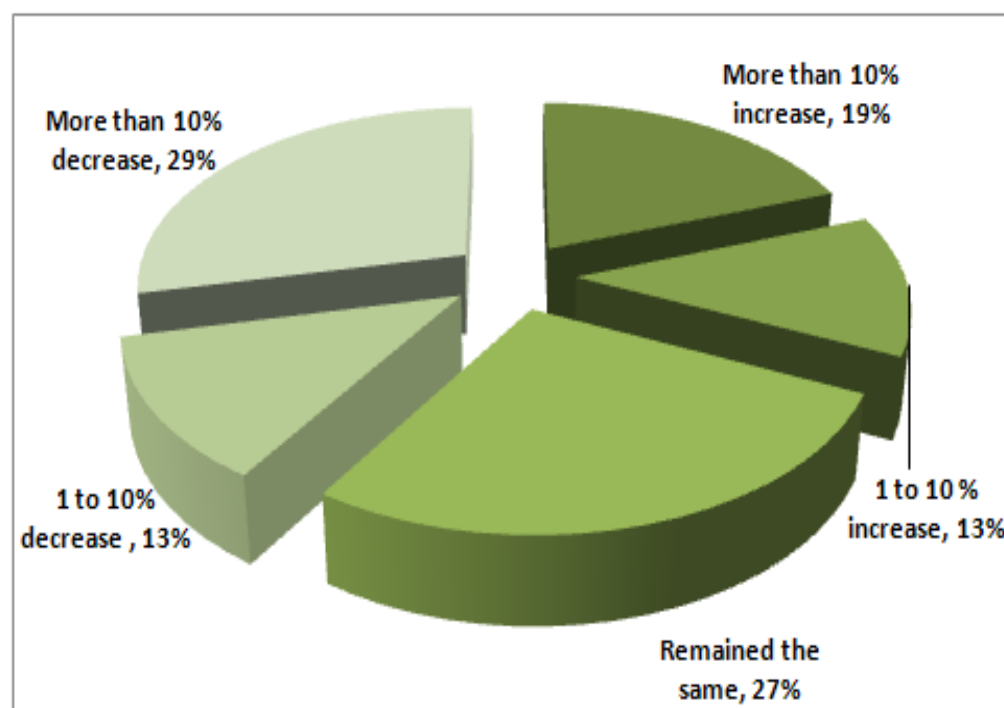


Figure 75. Changes in areas of turnover for solicitors firms

	Percentage of firms reporting any turnover in 2011	New entrant	Incumbent	Withdrawn (%age of 2010 firms)
Civil liberties	1%	65%	35%	73%
Consumer problems	4%	100%	0%	100%
Welfare and benefits	4%	35%	65%	53%
Intellectual property rights	6%	24%	76%	31%
Other business affairs	6%	41%	59%	36%
Immigration and nationality	15%	10%	90%	12%
Crime—prosecution & Crime—defence	26%	9%	91%	11%
Injury	31%	9%	91%	13%
Corporate structuring and finance	33%	14%	86%	15%
Property, construction and planning	41%	15%	85%	18%
Employment	42%	13%	87%	14%
Family	50%	5%	95%	6%
Conveyancing - Commercial	53%	7%	93%	7%
Wills, trusts and probate	58%	5%	95%	5%
Conveyancing - residential	59%	3%	97%	5%
Other	64%	11%	89%	10%

Figure 76. Solicitors firms' change in turnover over the past 3 years.



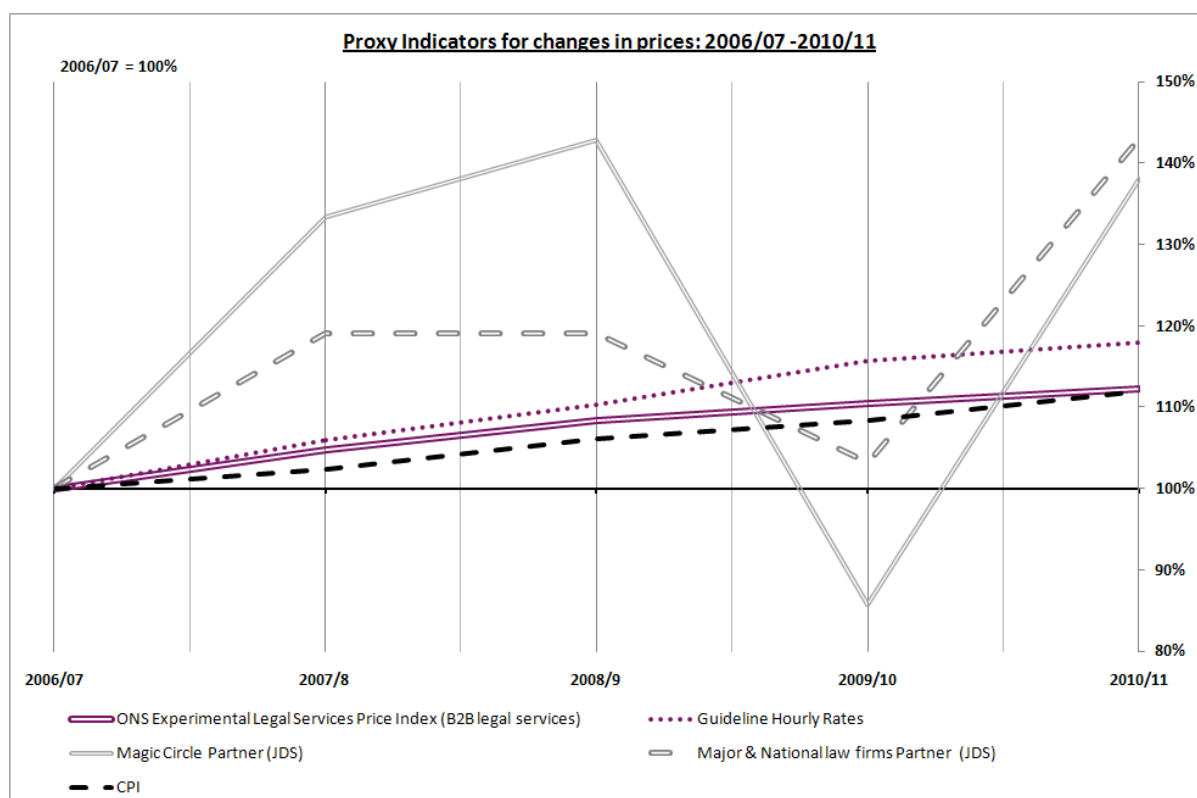
D.12.13 The only price measures available over time relate to hourly rates charged:

- The ONS has recently developed an experimental prices index. This is currently based on 161 legal practices.<sup>145</sup>
- Guideline Hourly Rates (GHRs) determined by the Master of the Rolls for Civil Costs.<sup>146</sup>
- Annual hourly rates survey of larger corporate solicitors firms, undertaken by Jim Diamond (JDS).<sup>147</sup>

D.12.14 All three measures relate mainly to prices paid by business consumers, as opposed to individual consumers. All three measures point to small percentage increases in hourly rates comparing 2007/8 to 2010/11. The ONS index measures the cost of legal services delivered by all types of legal service providers with more than 10 employees, to business consumers of legal services. This index reports a 2.8% increase in prices between 2009/2010 and 1.5% for Q1 2010/11. Figure 77 below plots the changes in the GHRs and the changes in the Annual Hourly rates survey for partners at Magic Circle and Major Law firms. GHRs have risen by 18% between 2006/7 and 2010/11. All price rises are above or at inflation as measured by the CPI.

### Knowledge Gap 7 - Prices offered and paid for legal services.

Figure 77. Prices for business legal services are rising



D.12.15 These measures need to be considered against research<sup>148</sup> in 2010 that found that average conveyancing fees for private consumers remained largely constant between 2003 and 2010, costing £595 and £630 respectively.

D.12.16 Changes in competition are not just about changes in price: *"In many (indeed most) markets, products are differentiated and consumers also care about product quality and*



choice.<sup>149</sup> The LSCP research reported in A4.4 above, highlights the limited role that quality assurance schemes currently play in assisting private and small business consumers in choosing between legal service providers, and A2.2 highlights the role of personal recommendation as a key reason for choosing a provider.

- D.12.17 We have not identified any information on the level of advertising spend by legal service businesses over time. The historic solicitor advertising ban was removed in 1983 after pressure from the government, following a series of investigations showing the ban limited the information available to the public about solicitor services.<sup>150</sup> The traditional solicitor partnership business model requires each employee to contribute fee income directly, increasing the scope for client acquisition methods to be outsourced- hence importance of referral networks. The benefit for small to medium firms in joining such networks are reported to be lower non-staff costs and increased marketing reach through operating under an advertised brand name. However the major benefit is the opportunity to increase the amount of billed time – the rate of utilisation. This is a function of having relatively static fixed costs, such as salaries.<sup>151</sup>
- D.12.18 The 2012 Solicitors Firms Survey found that 64% of firms engaged in media advertising, with the Internet (54%), and local newspapers (30%) being most common. Firms with a lower proportion of repeat clients made more use of advertising channels: For firms with less than 75% repeat clients, 46% made use of media advertising, compared to 70% for other firms.
- D.12.19 Given the growth in supply, the expectation is that customer acquisition channels will have been more vital to legal services providers over time. However, between 2008/09 and 2010/11 the proportion of solicitors firms with referral arrangements changed only slightly from 19.9% to 21.5%. These were most prevalent among firms with 2-4 partners. One survey of private consumers in 2010 reported that 23% of them found their lawyer through a referral from another organisation.<sup>152</sup>
- D.12.20 The LSCP<sup>153</sup> lists a range of introducers including Claims Management Companies (CMCs), estate agents, insurers, banks and mortgage brokers, and trade unions. Research in 2010 found that 81% of estate agents reported that they had a panel of solicitors/conveyancers to whom they referred customers, and that membership of these panels was largely stable.<sup>154</sup> This should be contrasted to the reported activity with respect to panels used by larger companies and banks – set out in B6 above.
- D.12.21 In 2010, referral arrangements were most common for solicitors undertaking personal injury work, and the vast majority of this type of work comes through referral networks that involve the solicitor paying a referral fee to the introducer. Research reported increases in referral fees over time mainly as a result of “*increased competitive pressures between lawyers and introducers whereby competition between law firms to gain access to introducer panels bids up the referral fees*”.<sup>155</sup> Between 2007/08 and 2010/11 the number of CMCs in the personal injury sector grew from 1,385 to 2,553 - an increase of 184%. Over the same period CMC turnover grew from £174m to £377m – an increase of 216%.<sup>156</sup> In 2010/11, total solicitor firm turnover from personal injury and

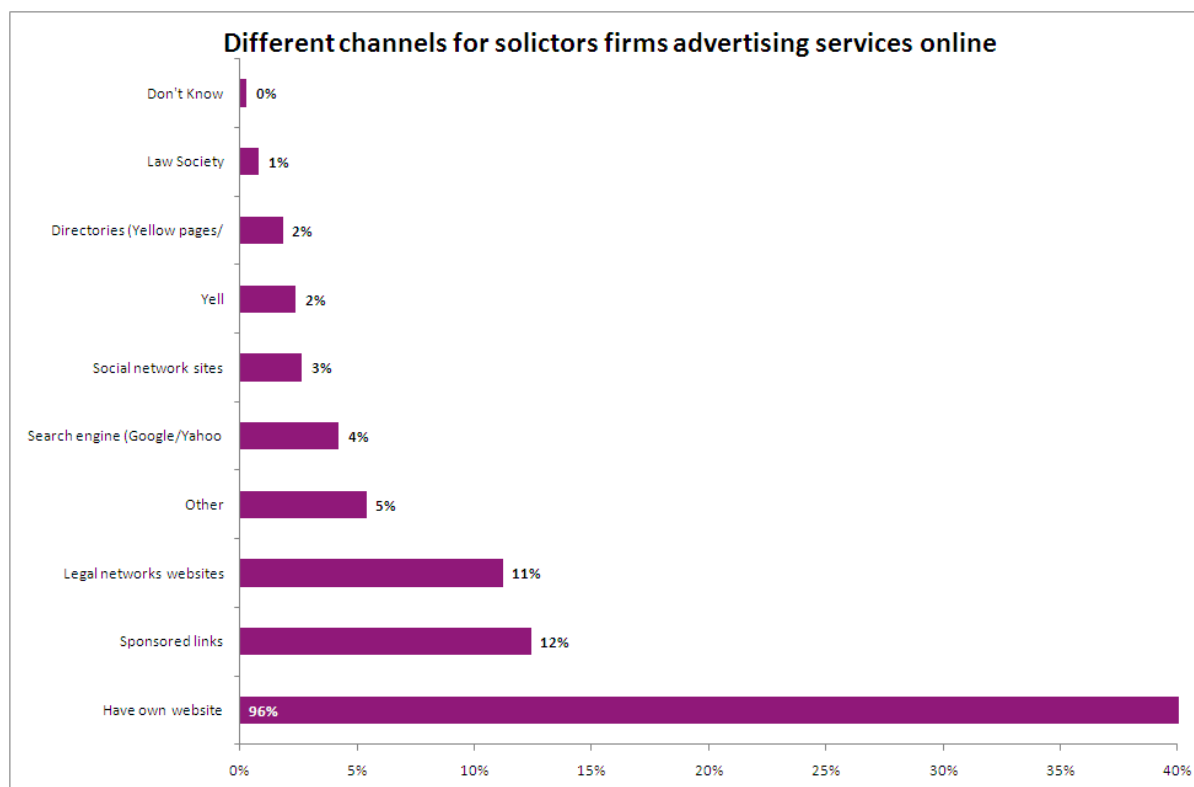
clinical negligence claims was approximately £2bn. How this sector changes as a result of the forthcoming ban on referral fees will be evident from future evaluation reports.

D.12.22 The 2012 Survey of Solicitors' Firms found that only 22% of firms got 50% or more of their customers from referrals and recommendations, shown in figure 78 below. Compare this to the 57% of firms who had 50% or more of their customers from repeat clients. This is in spite of 96% of firms using their website for advertising, shown in figure 79.

**Figure. 78 Sources of clients for solicitors' firms**

Proportion of clients	Old clients for whom you worked before	New Clients who had come from recommendations or referrals	New clients from online contacts e.g. website	New clients from other sources (such as people walking in off the street or telephone enquiries)
0%-9%	4.8%	5.5%	46.6%	35.0%
10%-19%	7.4%	17.8%	27.5%	29.9%
20%-29%	7.8%	23.2%	9.3%	13.2%
30%-39%	8.0%	14.6%	2.1%	5.5%
40%-49%	8.4%	10.2%	1.6%	2.9%
50%-89%	48.9%	17.7%	3.8%	4.4%
90%-100%	8.3%	4.3%	0.5%	0.3%

**Figure. 79 Online advertising channels for solicitors firms**



- D.12.23 Levels of utilisation<sup>157</sup> allow insight into changes in demand for inputs over time. The findings of PWC Law Firms surveys<sup>158</sup> of larger solicitor firms show a general trend of rates of utilisation peaking in 2007 and 2008 and falling back to 2006 levels in 2009 and 2010. For firms outside the Top 100 there was no increase in utilisation during 2007 and 2008, and the general trend for these firms is for lower levels of utilisation over time. While outside the Top 100, these firms are likely to be larger than the majority of solicitor firms, with in excess of 13 partners on average, and are therefore more likely to be providing legal services to business consumers. A more recent report by RBS suggests that lower levels of utilisation persist, resulting in the need for headcount reductions at larger solicitor firms.<sup>159</sup>
- D.12.24 Figures derived from BSB research<sup>160</sup> suggest that 16% of the self-employed barristers' workload has increased in the past 12 months, 57% stayed constant, and 23% decreased. One in four self-employed barristers reported that their workload had decreased over the past 12 months. The highest incidence of self-employed barristers reporting a decrease in workload was in crime where 47% had seen no change in workload, and 30% had seen a decrease. This should be considered against the increase in criminal trials shown in Section 3, and may be a result of increased use of solicitor advocates and in-house advocates.<sup>161</sup> In all other categories, the majority of self-employed barristers have seen no change in workload. We have no input demand information for other legal service providers.
- D.12.25 There are a range of research reports into in-house counsel – expert buyers of legal services in larger business and government consumers of legal services. These types of consumers were reported to account for around half of all legal services spend in the UK in 2008.<sup>162</sup> A large annual survey of in-house counsel, undertaken by Legal Week Intelligence,<sup>163</sup> reports legal spend rising by over 25% in FTSE 100 companies, and by 55% for all organisations between 2009 and 2010. While in-house counsel have been managing prices, they have at the same time received an increased demand for legal services from within their organisations. This survey reports growth in demand arising from new law and regulation and as a result of businesses moving into international markets. The survey reports a perception that law is a buyer's market, and law firms are increasingly concentrating on the quality of the commercial advice they give. These consumers will remove law firms from their panels because of price pressures but also because the advisers are seen to have done a poor job. These consumers demand fixed fees with 51% of respondents preferring these above other types of charging.
- D.12.26 This should be considered against other input measures such as the increases in entities and industry turnover. Future evaluations will focus on changes in prices paid by consumers and the hourly rates achieved by providers of legal services.

**Figure 80. Missing indicators for measuring Outcome 12**

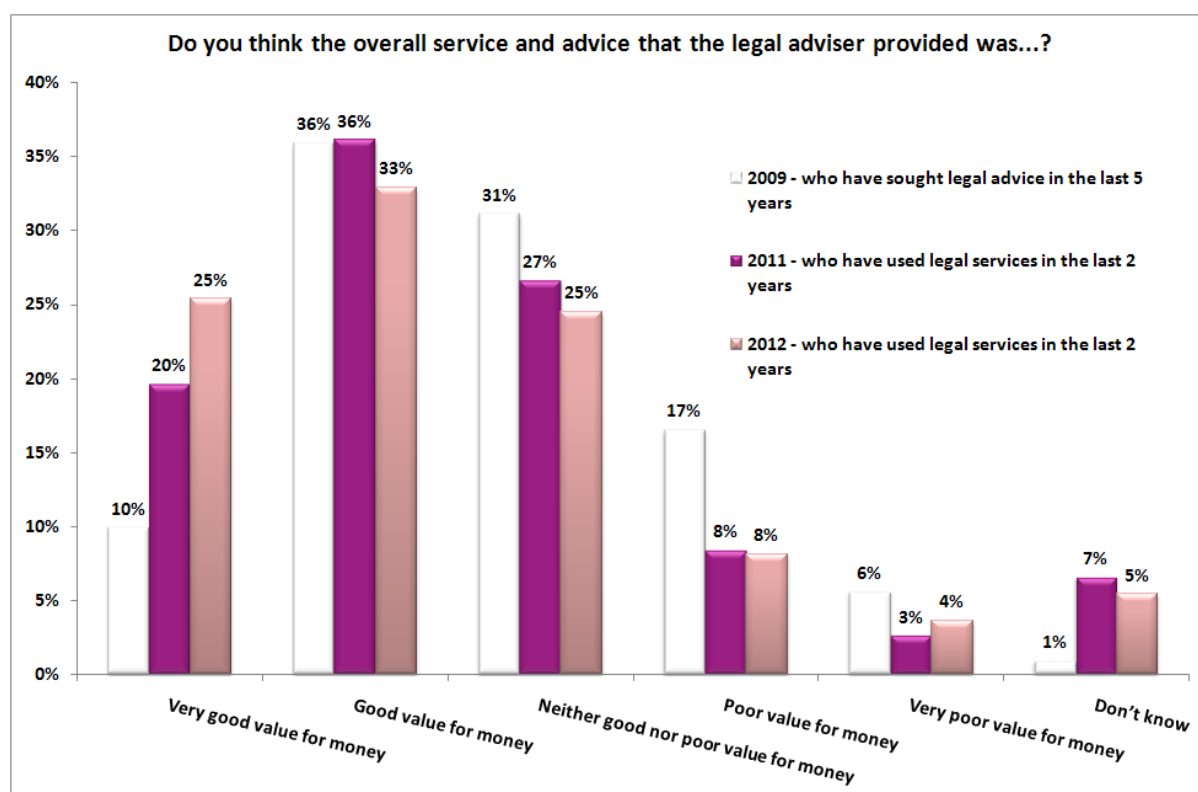
Missing Indicators	Information Source	Date available
Analysis of changes in hourly rates achieved for	LSB using SRA	October 2013

solicitors firms 2010-2011	data
Analysis and Publication of First Tier Complaints data between 2010-2012	LeO, regulators, October 2013 LSB

### Outcome 13. More consumers are able to get legal services at an affordable cost

- D.13.1 As set out in B.5 above in assessing access, we need to consider both the level of incidence of legal problems and peoples' response to these problems. This is against a gap in knowledge around actual volumes of work undertaken by legal service providers.
- D.13.2 The analysis above in Section 3 suggests that based on available information, demand for legal services has fallen. This is in part due to changes in incidence in the need for transactional legal services. At the same time, the information on prices shows the cost of legal services rising, at least in the business legal services sector.
- D.13.3 Looking at the findings of surveys on value for money, the proportion of private consumers considering the services they received were value for money appear has increased from 46% to 58% between 2009 and 2012.

**Figure 81. Improvements in perceived value for money**



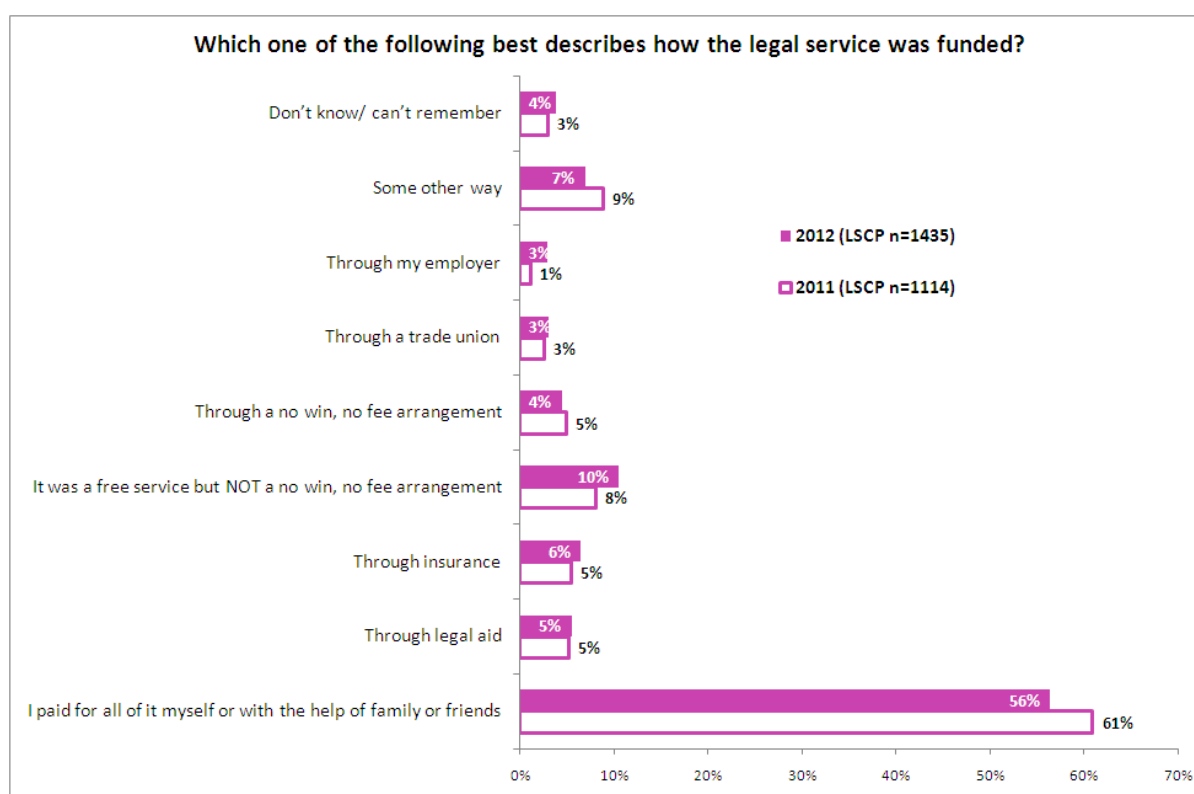
- D.13.4 However, the perception of the affordability of legal services generally continues to be an issue. Only a small proportion of people with a legal problem thought that lawyers' charges were reasonable from the 2006-09 Civil and Social Justice Survey, shown in

figure 82 below. In the 2010 Wave 1 report<sup>164</sup>, 59% of respondents agreed with the statement that lawyers were unaffordable for poor people.

**Figure 82. Perceptions of unaffordability for legal services**

	Not been to court	Been to court
Lawyers charges are reasonable	13%	14%
Legal system works better for rich people than poor people	65%	64%

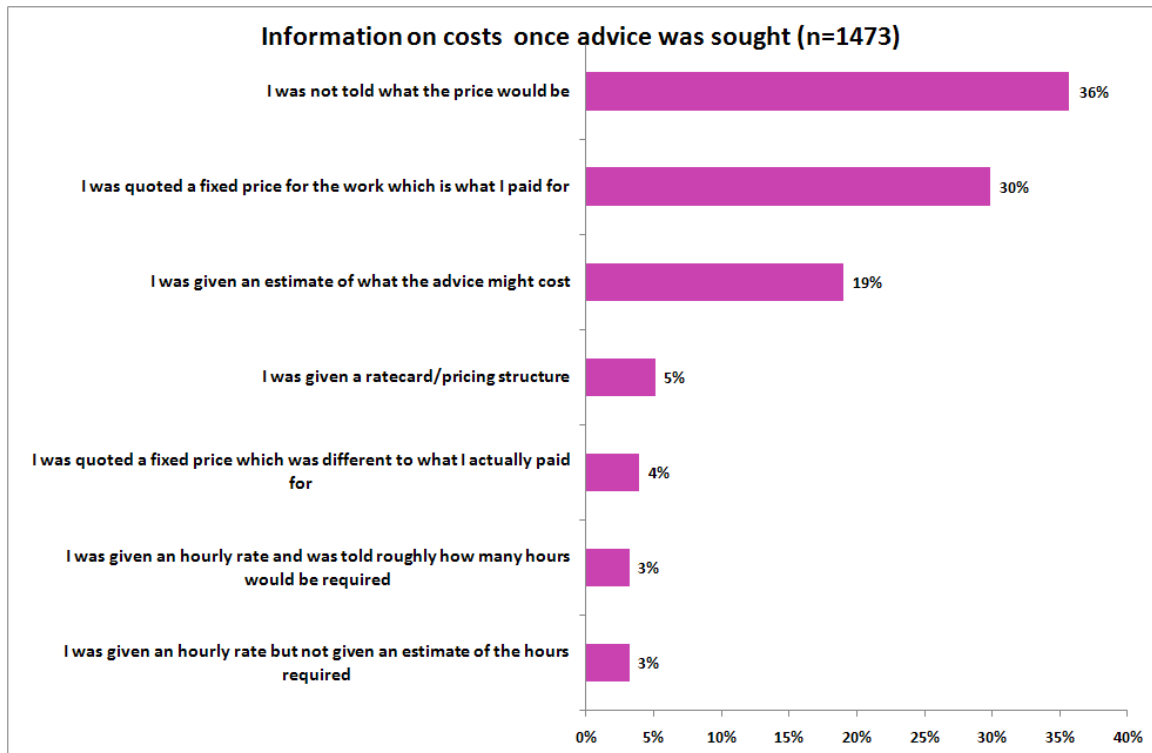
**Figure 83. Who pays for the legal service**



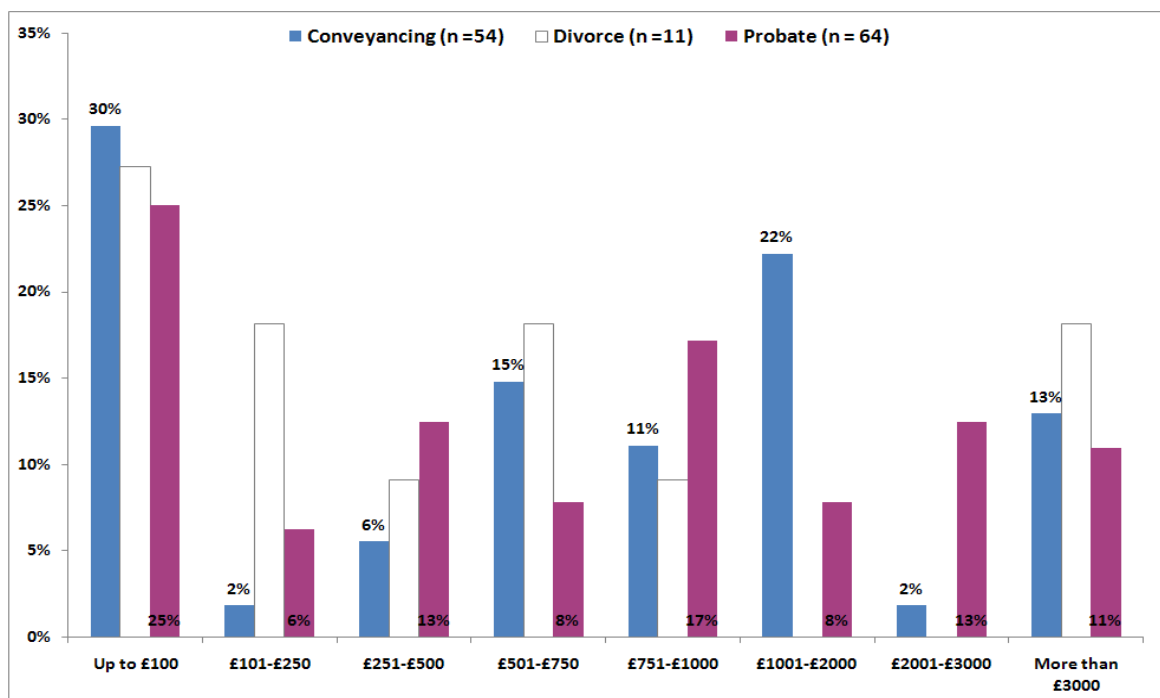
D.13.5 Currently there is little data on the cost of legal services for consumers. Findings from the LSCP Impact Report points to a growing number of individual consumers being provided services with fixed fees, but the Legal Ombudsman also reports rises in the number of complaints about the cost of legal services. The LSCP reported that consumer satisfaction with the transparency of lawyers' pricing fell by 10% to 70% in the past year and that the Legal Ombudsman had received almost 1,400 complaints about "*deficient cost information*" in 2011/12.<sup>165</sup> This is supported by the findings of the 2012 consumer survey, shown in figure 84, which found that 30% of consumers were quoted a fixed price and ended up paying that price, but 4% were quoted a fixed price but ended up being charged something different<sup>166</sup>. The 2012 Legal Services Benchmarking Survey found that consumers paid a range of different prices, shown in figure 85 below. Changes in prices for individual consumers over time are unknown, but available

measures for business consumers suggest prices are rising, at least as fast as inflation<sup>167</sup>. This research provides a baseline against which to measure future changes.

**Figure 84. Information on the cost of advice**



**Figure 85. Range of prices paid for legal services**



**Figure 86. Missing indicators for measuring Outcome 13**

Missing Indicators	Information Source	Date available
Survey of solicitor firms to benchmark annual volume of customers	High Street Survey, MoJ, TLS, LSB	October 2012

**Outcome 14. There is a greater plurality of, and innovation in, legal services offered****Knowledge Gap 8 – Range and frequency of different use of service delivery methods**

- D.14.1 There appears to have been a growth in the use of technology to promote and deliver legal services. For example, companies such as EPOQ legal and Direct Law have been actively promoting their technology as a way for firms to sell and deliver legal services. The internet is being used to establish collective brands and networks. Examples include Law Net, The Legal Alliance, Lawyer Locator and Quality Solicitors. We do not know how widespread the impact of these sites is. New entrants to the provision of legal services appear to make greater use of these technologies than existing providers. For example, Halifax Banking launched an online pay as you go legal document production and advice service in 2010.<sup>168</sup>
- D.14.2 Commentary suggests that technology is being used to support Legal Process Outsourcing (LPO) particularly at larger firms, to reduce the cost of running a legal business. However, the 2010 PWC Law Firms survey suggests only a small number of large solicitors' firms are currently using LPO with 25% of the top 10 using LPO.<sup>169</sup> The 2012 Solicitors Firms Survey found that 87% of firms outsourced one or more activities. The largest areas were IT support (44%), accounts and finance (35%). Only 13% made use of LPO.
- D.14.3 The ultimate aim of technology here is to reduce costs and increase productivity. One proxy measure of productivity is the income generated per fee earner within a firm, with changes in demand, prices, and productivity all feeding into this measure. This is shown below for solicitors' firms in 2010.<sup>170</sup> This acts as a baseline against which future evaluations can measure change. Clearly this does not account for other factors influencing turnover, and further analysis of the 2012 Solicitors Firms Survey will address this in part. At this stage, the main conclusion to draw is the range of income across and within the different firm size groups. Fee earners in larger partnerships tend to generate higher levels of fee income than those in smaller partnerships.
- D.14.4 We have no information on turnover for other legal service providers.

**Knowledge Gap 9 – Turnover of non solicitor legal service providers**

- D.14.5 Another area where technology appears to have a major influence is in relation to transactional legal processes such as probate registration, where government agencies use internet based technology to simplify processes, enhancing consumers' ability to

bypass legal services and resolve these legal issues themselves. This remains a currently unquantified factor in changes in the legal services market and a key area to monitor over time.

**Figure 87. Range of income per fee earner for solicitor firms**



**Figure 88. Missing indicators for measuring Outcome 14**

Missing Indicators	Information Source	Date available
Number of ABS firms and mix of services offered by ABS firms	SRA, CLC	October 2013
Analysis of changes in solicitor firms' employment of non solicitor fee earners	SRA, LSB	October 2013
Analysis of changes in solicitor firms' turnover by category of work	SRA, LSB	October 2013
Analysis of changes in solicitor firms' membership of referral networks	SRA, LSB	October 2012
Analysis of changes in legal aid solicitor firms' use of external advocates	High Street Survey, MoJ, TLS, LSB	October 2012



## E. The investor

### Outcome 15. A legal market which is attractive to all sources of finance including external investors

E.15.1 Since the implementation of the ABS framework in October 2011 and January 2012, there have been a number of high profile press reports about new forms of financing in legal services. This includes examples of larger businesses moving into reserved legal services, such as Co-operative Legal Services<sup>171</sup>, direct foreign investment<sup>172</sup>, and likely stock market flotation's of existing law firms.<sup>173</sup> This is an area where we anticipate significant activity going forward.

#### Knowledge Gap 10 - Use of external finances

E.15.2 Annual surveys by PWC<sup>174</sup> suggest that the proportion of external financing remains constant over the 2009-2010 period representing between a quarter and a third of corporate solicitor firms' funding. A 2010 survey by Smith and Williamson<sup>175</sup> suggests that around a third of firms are increasing firm borrowings but larger firms are doing this via their partners rather than through the firm itself. This suggests a need for external funding in a small but not insignificant number of solicitor firms, but how this might translate into full external investment under ABS is unknown.

E.15.3 For solicitors' firms TLS undertook a firm finances surveys in 2010-2011, which will provide information on current sources of finance for these firms once it is published. As ABS numbers increase, this may be seen as a proxy indicator for the use of external finance, complemented by analysis of investment firms' activity in this area. In the 2012 Solicitors Firms Survey, 21% of respondents reported problems concerning finance (16% in the case of availability of finance and 10% in the case of obtaining investment).

#### Figure 89. Missing indicators for measuring Outcome 15

Missing Indicators	Information Source	Date available
Number of ABS firms and mix of services offered by ABS firms	SRA, CLC	October 2013
Review of investment firms activity in the legal services sector	LSB analysis	October 2014

### Outcome 16. Proportionate regulation allowing an in-flow of capital

E.16.1 Similar to E.1 above, capital flows are unknown in this sector at this point in time. Stakeholder feedback suggested amending this outcome and associated indicators to directly link this outcome to the possible issue of whether regulation acts as barrier to investment. However, in the absence of any activity by the approved regulators we rely on publicly available measures.

E.16.2 With regards to the number of ABS, the SRA report that "*The majority of applications involve firms which are already regulated, with only a minority being non-regulated or*

*new start up firms. The personal injury market remains a particularly popular area for investment. We are seeing interest in licensed body status from other professional practices and look forward to being able to grant licenses in this area of the market<sup>176</sup>. This will be an area to consider as part of future evaluations.*

**Figure 90. Missing indicators for measuring Outcome 16**

Missing Indicators	Information Source	Date available
Analysis of the unit cost of regulation imposed by regulatory and representative arms (Total costs/number of authorised persons)	LSB analysis	October 2013

### **Outcome 17. Risk based supervision of legal practitioners**

- E.17.1 The approved regulators are in the process of developing and implementing their risk-based approach to regulation. As such, indicators here are in development and will be reviewed in future evaluations.

**Figure 91. Missing indicators for measuring Outcome 17**

Missing Indicators	Information Source	Date available
Number of regulators adopting outcomes focused regulation	LSB analysis	October 2013
Assessment of Approved Regulators regulatory standards	LSB analysis	October 2013

## 5. Activities to close gaps in knowledge and missing indicators

- 5.1 Despite the recent research activity, there remains a wide range of gaps in knowledge about the legal services market. This is not surprising given the journey of some of the approved regulators from professional membership organisations to fully-fledged regulators of a complex range of different services. The indicators used above are therefore driven largely by what information is readily available. It is recognised that while perfect information is the ideal, the reality is that the regulatory burden of collecting information to close all knowledge gaps would not pass a simple costs benefit analysis. Addressing gaps in knowledge requires both the LSB and the approved regulators to take a decision about where our priorities for evidence lie.
- 5.2 We will take different approaches to different knowledge gaps based on a pragmatic assessment to achieve the right balance of regulatory risk and information burden. We accept knowledge gaps where the regulatory risk is low, and cost of collection high. For example, knowledge gaps around how larger business consumers interact with legal services suppliers is seen as low priority to close. By contrast, we see knowledge gaps about private and smaller business consumers as priority areas to close.
- 5.3 We hope that analysis and publication of data by the approved regulators, will drive increased understanding of this sector. In the longer term we expect increasing competition to result in better provision of information for consumers, enhancing consumers' ability to select legal service providers. In the interim, our main response is to address gaps in knowledge and missing indicators through research – the best balance between burden and risk – though focusing on priority areas. We continue to aim to encourage the regulatory community to move towards better coordination of research and information collection. The timeline for availability of evidence for the identified missing indicators is shown in figure 92 below.
- 5.4 We will continue to work with the regulatory community to ensure that research activity is coordinated as far as possible, so that we can build a complete picture of the legal services market as it stands now and track changes over time, and improve future evaluations.

**Figure 92. Timetable for gathering of information on missing indicators**

	Missing Indicators	Information Source	Perspectives and Outcomes	Oct 12	Oct 13	Oct 14
1	Diversity data on all Authorised Persons broken down by demographics and role within legal service organisations	Approved Regulators	A.1		X	
2	Diversity statistics for the population of England and Wales 2010/11	ONS	A.1	X	X	

3	Changes in volumes of regulatory actions undertaken by all the Approved Regulators, including COLP self reporting, and LSB list of people disqualified from being ABS owners	Approved Regulators, LSB	A.2		X	
4	Analysis and Publication of First Tier Complaints data between 2010 -2012	LEO, regulators, LSB	A.2, D.12		X	
5	Understanding providers views of the independence of regulation	LSB research to benchmark professional principles	A.3		X	X
6	Quality Assurance Scheme for Advocates scheme analysis of 12 months of applications and assessments	SRA, BSB, IPS	A.4		X	
7	Findings of the Legal Education and Training Review	SRA, BSB, IPS	A.4		X	
8	Availability of ADR schemes across legal sector	LSCP research, LSB analysis	B.5	X	X	
9	Value consumers place on regulation	LSB research - Opinion Leader	B.6	X	X	
10	Number of decisions overturned by approved regulators, including SDT activity and appeals against ABS applications	LSB Analysis	B.6		X	
11	Trends in the number of consumers using price comparison websites	LSCP Research	B.8		X	
12	Availability of price information for legal services	LSB Research	B.8		X	
13	Consumer recognition and use of legal services specific quality marks	LSCP Research	B.8		X	
14	Diversity of profession, judiciary	Judicial Appointments Commission Diversity reports	C.9	X	X	
15	Expenditure on legal services per legal need met	High Street Survey MoJ, TLS, LSB	C.10	X	X	
16	Court service user survey findings	MoJ	C.10	X	X	
17	Proportion of 'Cracked' trials	HMCTS statistics	C.10	X	X	
18	Analysis of approved regulators conduct information – Regulatory Standards	LSB	C.11	X	X	
19	Professional Ethics measurement framework	LSB Research	C.11		X	
20	Analysis of changes in hourly rates achieved for solicitors firms 2010-2011	LSB using SRA data	D.12	X	X	
21	Survey of solicitor firms to benchmark annual volume of customers	High Street Survey, MoJ, TLS, LSB	D.13	X	X	
22	Number of ABS firms and mix of services offered by ABS firms	SRA, CLC	D.13		X	

23	Analysis of changes in solicitor firms employment of non solicitor fee earners	LSB using SRA data	D.14	X	X	
24	Analysis of changes in solicitor firms membership of referral networks	SRA, LSB	D.14	X	X	
25	Analysis of changes in legal aid solicitor firms use of external advocates	High Street Survey, MoJ, TLS, LSB	D.14	X	X	
26	Review of investment firms' activity in the legal services sector	LSB, Approved Regulators	E.15	X		X
27	Analysis of the unit cost of regulation imposed by each regulator and representative arm (Total costs/number of authorised persons)	LSB analysis	E.16	X	X	
28	Number of regulators adopting outcomes focused regulation	LSB analysis	E.17		X	
29	Assessment of Approved Regulators regulatory standards	LSB analysis	E.17		X	
Totals					27	2

<sup>1</sup> For detail on the range of reforms see [http://www.legalservicesboard.org.uk/about\\_us/index.htm](http://www.legalservicesboard.org.uk/about_us/index.htm)

<sup>2</sup> For our purposes we define demand to be more than just existing consumers. Demand is defined to cover instances where a problem occurs that can be resolved through legal means but does not result in the use of legal services – a possible measure of *latent legal demand*. Clearly, in some incidences, alternative ways of resolving the problem exist, but these operate with reference to the wider legal services market. See RIR Map of Legal Services: Part 2 - Demand for a further discussion.

<sup>3</sup> These are: The Law Society, General Council of the Bar, Council for Licensed Conveyancers, The Chartered Institute of Legal Executives, The Chartered Institute of Patent Attorneys, The Institute of Trade Mark Attorneys, Association of Cost Lawyers, Master of the Faculties, Association of Chartered Certified Accountants, Institute of Chartered Accountants Scotland .

<sup>4</sup> For a discussion on self-regulation in legal services generally see <http://research.legalservicesboard.org.uk/wp-content/media/Why-regulate-legal-services-RPI-report.pdf> For a discussion of the smaller approved regulators activities see <http://research.legalservicesboard.org.uk/wp-content/media/Smaller-ARS-2011-report.pdf>

<sup>5</sup> See RIR Map of Legal Services: Part 1 – Supply & Part 2 – Demand for an analysis of these knowledge gaps.

<sup>6</sup> These are Protecting and promoting the public interest; Supporting the constitutional principles of the rule of law; Improving access to justice; Protecting and promoting the interest of consumers; Promoting competition in the provision of services; Encouraging an independent, strong, diverse and effective legal profession; Increasing public understanding of the citizen's legal rights and duties; Promoting and maintaining adherence (by authorised persons) to the professional principles . See [http://www.opsi.gov.uk/acts/acts2007/ukpga\\_20070029\\_en\\_2#pt1](http://www.opsi.gov.uk/acts/acts2007/ukpga_20070029_en_2#pt1)

<sup>7</sup> See [http://www.legalservicesboard.org.uk/news\\_publications/latest\\_news/2012/17\\_september\\_2012.htm](http://www.legalservicesboard.org.uk/news_publications/latest_news/2012/17_september_2012.htm)

<sup>8</sup> See <http://letr.org.uk/> for more information.

<sup>9</sup> *Evaluation: How can we measure access to justice for individual consumers? A discussion paper* Available on the Legal Services Board website - <http://research.legalservicesboard.org.uk/wp-content/media/Evaluation-measuring-A2J-11-09-12-Discussion-paper-FINAL-FORMATED.pdf>

<sup>10</sup> Forthcoming, joint publication with The Law Society, and Ministry of Justice, 2012 Survey of Solicitors Firms

<sup>11</sup> For a description of empowerment see page 14, LSCP Consumer Impact Report - [http://www.legalservicesconsumerpanel.org.uk/publications/research\\_and\\_reports/documents/ConsumerPanel\\_ConsumerImpactReport\\_2011.pdf](http://www.legalservicesconsumerpanel.org.uk/publications/research_and_reports/documents/ConsumerPanel_ConsumerImpactReport_2011.pdf)

- <sup>12</sup> See [http://research.legalservicesboard.org.uk/wp-content/media/designing\\_ethics\\_indicators\\_for\\_legal\\_services\\_provision\\_lsb\\_report\\_sep\\_2012.pdf](http://research.legalservicesboard.org.uk/wp-content/media/designing_ethics_indicators_for_legal_services_provision_lsb_report_sep_2012.pdf)
- <sup>13</sup> Forthcoming joint publication with The Law Society, and Ministry of Justice, 2012 Survey of Solicitors Firms
- <sup>14</sup> ABS applications summary, June 2012 Quarterly Report, <http://www.sra.org.uk/reports/> and for most up to date figures - <http://www.sra.org.uk/solicitors/freedom-in-practice/alt-bs/licensed-body-register.page?pg=7>
- <sup>15</sup> <http://www.conveyancer.org.uk/absregister.html>
- <sup>16</sup> ABS applications summary, June 2012 Quarterly Report, <http://www.sra.org.uk/reports/>
- <sup>17</sup> Legal Services Benchmarking, BDRC Continental for the LSB, 2012, <http://research.legalservicesboard.org.uk/wp-content/media/2012-Individual-consumers-legal-needs-report.pdf>
- <sup>18</sup> See <http://research.legalservicesboard.org.uk/wp-content/media/A-framework-to-monitor-the-legal-services-sector.pdf>
- <sup>19</sup> See <http://budgetresponsibility.independent.gov.uk/wordpress/docs/March-2012-EFO1.pdf>
- <sup>20</sup> <http://www.ons.gov.uk/ons/publications/re-reference-tables.html?edition=tcm%3A77-222457> and [http://www.ons.gov.uk/ons/dcp171766\\_277613.pdf](http://www.ons.gov.uk/ons/dcp171766_277613.pdf)
- <sup>21</sup> See <http://www.bbc.co.uk/news/business-19060716>
- <sup>22</sup> For example of initiatives to assess value for money in legal services for public sector organisations see <http://www.public-audit-forum.gov.uk/2010-11-legal.pdf>
- <sup>23</sup> As defined in A framework to monitor the legal services sector, Oxera, 2011 - <http://research.legalservicesboard.org.uk/wp-content/media/A-framework-to-monitor-the-legal-services-sector.pdf>
- <sup>24</sup> We have not yet identified any proxy demand indicators where time series data is publicly available for the following categories of law: Consumer problems, Civil liberties, Corporate taxation, Other public and administrative law.
- <sup>25</sup> As defined in A framework to monitor the legal services sector, Oxera, 2011 - <http://research.legalservicesboard.org.uk/wp-content/media/A-framework-to-monitor-the-legal-services-sector.pdf>
- <sup>26</sup> For example the Crown Prosecution Service – see Report of the thematic review of the quality of prosecution advocacy and case presentation, HMCPSP 2009 [http://www.hmcpso.gov.uk/documents/services/reports/THM/ADV\\_thm\\_Jul09\\_rpt.pdf](http://www.hmcpso.gov.uk/documents/services/reports/THM/ADV_thm_Jul09_rpt.pdf)
- <sup>27</sup> For a discussion see <http://www.justice.gov.uk/downloads/publications/research-and-analysis/moj-research/litigants-in-person-literature-review.pdf>
- <sup>28</sup> This is mirrored in a reported general propensity to resolve complaints at an earlier stage in a harsher financial climate – see for example <http://www.financial-ombudsman.org.uk/publications/pb06/2.htm>
- <sup>29</sup> LSB analysis of HMCTS data and The City UK - Dispute Resolution in London and the UK 2010 - <http://www.thecityuk.com/research/our-work/reports-list/dispute-resolution-in-london-and-the-uk-2010/>
- <sup>30</sup> <http://research.legalservicesboard.org.uk/wp-content/media/2012-Individual-consumers-legal-needs-report.pdf>
- <sup>31</sup> Client satisfaction report – Legal Week Intelligence 2010, <http://www.legalweek.com/legal-week/research/1167635/ftse-aim-client-satisfaction-survey-2008>
- <sup>32</sup> See for example <http://www.lawgazette.co.uk/news/law-making-decade-low>
- <sup>33</sup> Changes in 2008/09 are believed to have increased the volume of overall claims arising from the public sector in relation to equal pay (see <http://www.guardian.co.uk/money/2007/sep/04/business.discrimination>), with changes in 2011/12 expected to increase the volume of claims that settle outside the tribunal (see <http://www.bis.gov.uk/assets/biscore/employment-matters/docs/l/11-742-legislative-measures-to-equal-pay-impact>)
- <sup>34</sup> A business death is defined as a business that was on the active file in year t, but was no longer present in the active file in t+1 and t+2 – see <http://www.ons.gov.uk/ons/publications/re-reference-tables.html?edition=tcm%3A77-229177>
- <sup>35</sup> Data taken from publications between 2006-2012 by HMCTS, ONS, HMRC, IPO, and BIS.

<sup>36</sup> See <http://research.legalservicesboard.org.uk/wp-content/media/City-law-frims-and-regulation-2011.pdf>

<sup>37</sup> See [http://www.legalservicesboard.org.uk/news\\_publications/publications/pdf/evaluation\\_framework\\_april\\_2011.pdf](http://www.legalservicesboard.org.uk/news_publications/publications/pdf/evaluation_framework_april_2011.pdf)

<sup>38</sup> See Trends in the Solicitors Profession, The Law Society 2011, <http://www.lawsociety.org.uk/aboutlawsociety/whatwedo/researchandtrends/researchpubs.law>, and Bar Barometer, Bar Standards Board 2011, [http://www.barstandardsboard.org.uk/media/1362443/bar\\_barometer\\_december\\_11\\_clickable\\_jan12.pdf](http://www.barstandardsboard.org.uk/media/1362443/bar_barometer_december_11_clickable_jan12.pdf).

<sup>39</sup> See slide 29 Map of Legal Services Part 1 – Supply.

<sup>40</sup> See <http://research.legalservicesboard.org.uk/wp-content/media/2010-Regulators-diversity-initiatives.pdf>

<sup>41</sup> For example ONS published 2009/10 diversity statistics in May 2011.

<sup>42</sup> <http://www.sra.org.uk/sra/equality-diversity/diversity-monitoring/diversity-monitoring-2011.page>

<sup>43</sup> Ethnic diversity in law firms, Understanding the barriers, May 2010

<sup>44</sup> Report of the Analysis of Demographic Data collected from the Practising Bar in November 2007, Dr. D Price & Dr. Laybourne, Kings Institute for Public Policy, Bar Council 2010, <http://www.barcouncil.org.uk/media/18154/reportoftheanalysisofdemographicdata2007.pdf>

<sup>45</sup> Barristers working lives – A biennial Survey of the Bar 2011, <http://www.barstandardsboard.org.uk/media-centre/research-and-statistics/research-publications-and-reports/>

<sup>46</sup> BME firms defined as more than 50% of all solicitors are of BME ethnic origin. See slide 72 onwards, Map of Legal Services Part 1 Supply,

<sup>47</sup> Professor Hilary Sommerlad et al, Diversity in the legal profession in England and Wales: a qualitative study of barriers and individual choices, University of Westminster, 2010.

<http://research.legalservicesboard.org.uk/wp-content/media/2010-Diversity-in-the-legal-profession.pdf>

<sup>48</sup> See <http://www.barstandardsboard.org.uk/media-centre/research-and-statistics/research-publications-and-reports/>

<sup>49</sup> Quality in Legal Services, Vanilla Research 2011, [http://www.legalservicesconsumerpanel.org.uk/publications/research\\_and\\_reports/documents/Vanilla\\_Research\\_ConsumerResearch\\_QualityinLegalServices.pdf](http://www.legalservicesconsumerpanel.org.uk/publications/research_and_reports/documents/Vanilla_Research_ConsumerResearch_QualityinLegalServices.pdf)

<sup>50</sup> Quality in Legal Services, Vanilla Research 2011, [http://www.legalservicesconsumerpanel.org.uk/publications/research\\_and\\_reports/documents/Vanilla\\_Research\\_ConsumerResearch\\_QualityinLegalServices.pdf](http://www.legalservicesconsumerpanel.org.uk/publications/research_and_reports/documents/Vanilla_Research_ConsumerResearch_QualityinLegalServices.pdf)

<sup>51</sup> These six areas were:

- Empathy – treating the consumer as an individual, not just another file, understanding their situation and relating to it.
- Efficient processes – ensuring things progress smoothly and on time.
- Outcomes – eg completing on a property on time, delivering a will or achieving the desired outcome in a divorce/separation
- Clarity and de-mystification – unravelling the mystery of the legal world with clear explanations (no jargon), clear signposting of what should happen and when, and clear guidance on charges.
- Proactively using their knowledge – explicitly suggesting alternative options, tailoring advice to individual circumstances or challenging the client's assumptions.
- Professional presentation – both personally in terms of dress and appearance, but also in terms of the physical office environment.

<sup>52</sup> <http://research.legalservicesboard.org.uk/wp-content/media/2012-Individual-consumers-legal-needs-report.pdf>

<sup>53</sup> See [http://www.legalombudsman.org.uk/aboutus/complaints\\_data.html](http://www.legalombudsman.org.uk/aboutus/complaints_data.html)

<sup>54</sup> [http://www.legalservicesboard.org.uk/news\\_publications/latest\\_news/pdf/20120913\\_summary\\_responses\\_recd\\_lsb\\_response\\_approaches\\_quality\\_final.pdf](http://www.legalservicesboard.org.uk/news_publications/latest_news/pdf/20120913_summary_responses_recd_lsb_response_approaches_quality_final.pdf)

<sup>55</sup> See page 26 [http://www.legalservicesboard.org.uk/news\\_publications/latest\\_news/pdf/20120913\\_summary\\_responses\\_recd\\_lsb\\_response\\_approaches\\_quality\\_final.pdf](http://www.legalservicesboard.org.uk/news_publications/latest_news/pdf/20120913_summary_responses_recd_lsb_response_approaches_quality_final.pdf)

- <sup>56</sup> Baseline survey to assess the impacts of legal services reform, Ministry of Justice 2010 <http://www.justice.gov.uk/downloads/publications/research-and-analysis/moj-research/legal-services-reform-survey.pdf>
- <sup>57</sup> Consumer views and their experiences on using solicitor services and their awareness of the Solicitors Regulation Authority 2008 <http://www.sra.org.uk/sra/how-we-work/consumer-research/consumer-research.page>
- <sup>58</sup> See Consumers and conveyancing: attitudes towards using solicitors for conveyancing services Solicitors Regulation Authority 2009 and Consumer research study: experiences of black and minority ethnic people using solicitors in England and Wales Solicitors Regulation Authority 2009 <http://www.sra.org.uk/sra/how-we-work/consumer-research/consumer-research.page>
- <sup>59</sup> [http://www.legalservicesconsumerpanel.org.uk/publications/research\\_and\\_reports/index.html](http://www.legalservicesconsumerpanel.org.uk/publications/research_and_reports/index.html)
- <sup>60</sup> <http://research.legalservicesboard.org.uk/wp-content/media/2012-Individual-consumers-legal-needs-report.pdf>
- <sup>61</sup> See 3.2.9, A framework to monitor the legal services sector, Oxera, 2011, <http://research.legalservicesboard.org.uk/wp-content/media/A-framework-to-monitor-the-legal-services-sector.pdf>
- <sup>62</sup> See [http://ec.europa.eu/consumers/strategy/docs/2nd\\_edition\\_scoreboard\\_en.pdf](http://ec.europa.eu/consumers/strategy/docs/2nd_edition_scoreboard_en.pdf)
- <sup>63</sup> <http://research.legalservicesboard.org.uk/wp-content/media/2011-First-tier-complaints-handling-report.pdf>
- <sup>64</sup> See <http://www.justice.gov.uk/publications/docs/legal-services-reform-survey.pdf>
- <sup>65</sup> See First Tier Complaints Handling You Gov results - [http://www.legalservicesboard.org.uk/what\\_we\\_do/Research/Publications/publications.htm](http://www.legalservicesboard.org.uk/what_we_do/Research/Publications/publications.htm)
- <sup>66</sup> For the LCS a case was defined as a matter where action is taken to conciliate or settle or investigate and determine an expression of dissatisfaction about the service provided by a firm of solicitors or the conduct of an individual solicitor. Cases did not include enquiries' which were defined as matters where we provide information, clarification or explanations of jurisdiction.
- <sup>67</sup> See LCS Annual Report 2009 - <http://webarchive.nationalarchives.gov.uk/20100612132621/http://www.olsc.gov.uk/docs/lsc-report-opportunity-for-excellence.pdf>
- <sup>68</sup> For the Legal Ombudsman a case is defined as a complaint that has been accepted for investigation and allocated to an investigator, which falls within their jurisdiction.
- <sup>69</sup> [http://www.legalombudsman.org.uk/aboutus/complaints\\_data.html](http://www.legalombudsman.org.uk/aboutus/complaints_data.html)
- <sup>70</sup> See for example <http://lawyerwatch.wordpress.com/2012/05/15/whats-the-story-with-solicitors-complaints-and-leo/>
- <sup>71</sup> Consumer experiences of complaint handling in the legal services market, Legal Services Consumer Panel and Legal Ombudsman, 2012, forthcoming.
- <sup>72</sup> See <http://www.legalfutures.co.uk/latest-news/ombudsman-sees-good-and-bad-signs-in-lower-than-expected-level-of-complaints-against-lawyers>
- <sup>73</sup> Taken from SRA Annual Reports - <http://www.sra.org.uk/reports/>
- <sup>74</sup> See for example <http://news.bbc.co.uk/1/hi/uk/6590461.stm> and <http://www.bbc.co.uk/news/uk-11008812>
- <sup>75</sup> Taken from CLC Annual Reports - [http://www.clc-uk.org/about\\_us.php](http://www.clc-uk.org/about_us.php)
- <sup>76</sup> See <http://www.ilex.org.uk/pdf/PCP%20and%20DT%20Annual%20Report%202010.pdf>
- <sup>77</sup> See <http://www.barstandardsboard.org.uk/about-bar-standards-board/how-we-do-it/our-staff/professional-conduct-department/performance-reports/annual-and-quarterly-performance-reports/>
- <sup>78</sup> For information about the <http://www.barmutual.co.uk/about-bar-mutual/>
- <sup>79</sup> The Consumer Markets Scoreboard, 2<sup>nd</sup> Edition - [http://ec.europa.eu/consumers/strategy/docs/2nd\\_edition\\_scoreboard\\_en.pdf](http://ec.europa.eu/consumers/strategy/docs/2nd_edition_scoreboard_en.pdf)
- <sup>80</sup> See Consumer Tracker Surveys - [http://www.legalservicesconsumerpanel.org.uk/publications/research\\_and\\_reports/index.html](http://www.legalservicesconsumerpanel.org.uk/publications/research_and_reports/index.html)
- <sup>81</sup> See <http://www.ipsos-mori.com/Assets/Docs/Polls/Veracity2011.pdf>
- <sup>82</sup> Reported in the 2006-09 Civil & Social Justice Survey, <http://www.justice.gov.uk/downloads/publications/research-and-analysis/lsrc/2010CSJSAnnualReport.pdf>
- <sup>83</sup> See <http://research.legalservicesboard.org.uk/wp-content/media/2009-survey-summary.pdf>



<sup>84</sup> Barristers working lives – A biennial Survey of the Bar 2011, <http://www.barstandardsboard.org.uk/media-centre/research-and-statistics/research-publications-and-reports/>

<sup>85</sup> 2011 Survey of Regulatory Performance, The Law Society, <http://www.lawsociety.org.uk/secure/file/194753/d/teamsite-deployed/documents/templatedata/Publications/Research%20Publications/Documents/regulatory-performance-2011.pdf>

<sup>86</sup> See <http://letr.org.uk/> for more information.

<sup>87</sup> For further information see Legal Services Commission Quality Assurance of Advocates, Moorhead et al, Cardiff Law School 2009 <http://www.law.cf.ac.uk/research/pubs/repository/2269.pdf>

<sup>88</sup> See [http://www.legalservicesconsumerpanel.org.uk/ourwork/quality\\_assurance/documents/FinalReport\\_V\\_QS.pdf](http://www.legalservicesconsumerpanel.org.uk/ourwork/quality_assurance/documents/FinalReport_V_QS.pdf)

<sup>89</sup> See <http://www.sra.org.uk/sra/news/press/qasa-agreement-reached.page>

<sup>90</sup> See [http://www.legalservicesboard.org.uk/news\\_publications/publications/pdf/regulatory\\_objectives.pdf](http://www.legalservicesboard.org.uk/news_publications/publications/pdf/regulatory_objectives.pdf)

<sup>91</sup> <http://research.legalservicesboard.org.uk/reports/>

<sup>92</sup> See <http://www.justice.gov.uk/publications/research-and-analysis/lsrc/research-projects/english-and-welsh-civil-and-social-justice-survey>

<sup>93</sup> See <http://www.mediationworld.net/european-union/publications/full/94.html>

<sup>94</sup> For a further discussion please see Map of Legal Services Part 2 Demand - <http://research.legalservicesboard.org.uk/wp-content/media/Map-of-Legal-Services-Part-2-Demand-October-2011.pdf>

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<sup>97</sup> Understanding consumer needs from legal information sources, Vanilla Research 2012

<sup>98</sup> <http://research.legalservicesboard.org.uk/wp-content/media/Will-writing-experiences-2011.pdf>

<sup>99</sup> This is derived from the following set of questions and responses. Have you ever been in a situation where seeking legal advice could have been beneficial but you decided not to? - Yes I have 20%. You said you have been in a situation where seeking legal advice would have been beneficial but you decided not to...Why did you decide not to? (Please tick all that apply) - Because I know/ I suspect it would have been too expensive 53.92%. See <http://research.legalservicesboard.org.uk/wp-content/media/2009-survey-summary.pdf>

<sup>100</sup> *Income, Lawyers and Access to Justice Factsheet, LSRC 2011*

<sup>101</sup> Income, Lawyers, and access to justice <http://www.justice.gov.uk/downloads/publications/research-and-analysis/lsrc/2011/Caught-in-the-middle-FactSheet-v1.pdf>

<sup>102</sup> Forthcoming, joint publication with The Law Society, and Ministry of Justice, 2012 Survey of Solicitors Firms

<sup>103</sup> *What will be the impact of abs on geographic access to justice Part 1 Oxera TLS 2010*

<sup>104</sup> *Just a phone call away: Is telephone advice enough? Nigel J. Balmer Marisol Smith, Catrina Denvir and Ash Patel*

[http://www.infohub.moneyadvicetrust.org/content\\_files/files/just\\_a\\_phone\\_call\\_away\\_balmer\\_smith\\_denvir\\_patel\\_in\\_press.pdf](http://www.infohub.moneyadvicetrust.org/content_files/files/just_a_phone_call_away_balmer_smith_denvir_patel_in_press.pdf)

<sup>105</sup> See Entry and Competition in concentrated markets, Reiss & Bresnahan, Stanford University 1991 <https://gsbapps.stanford.edu/researchpapers/library/RP1061.pdf>

<sup>106</sup> Forthcoming, joint publication with The Law Society, and Ministry of Justice, 2012 Survey of Solicitors Firms

<sup>107</sup> Interim research findings: consumer attitudes to the purchase of legal services, GfK Solicitors Regulation Authority 2010 <http://www.sra.org.uk/sra/how-we-work/consumer-research/consumer-research.page>

<sup>108</sup> [http://www.legalservicesconsumerpanel.org.uk/publications/research\\_and\\_reports/documents/Vanilla\\_Research\\_ConsumerResearch\\_QualityinLegalServices.pdf](http://www.legalservicesconsumerpanel.org.uk/publications/research_and_reports/documents/Vanilla_Research_ConsumerResearch_QualityinLegalServices.pdf)

<sup>109</sup> See <http://www.guardian.co.uk/money/2012/jan/11/hsbc-approved-solicitors-panel-conveyancing> for example

<sup>110</sup> [http://www.legalservicesconsumerpanel.org.uk/publications/research\\_and\\_reports/documents/ConsumerPanel\\_ConsumerImpactReport\\_2011.pdf](http://www.legalservicesconsumerpanel.org.uk/publications/research_and_reports/documents/ConsumerPanel_ConsumerImpactReport_2011.pdf)

<sup>111</sup> For a description of empowerment see page 14, LSCP Consumer Impact Report - [http://www.legalservicesconsumerpanel.org.uk/publications/research\\_and\\_reports/documents/ConsumerPanel\\_ConsumerImpactReport\\_2011.pdf](http://www.legalservicesconsumerpanel.org.uk/publications/research_and_reports/documents/ConsumerPanel_ConsumerImpactReport_2011.pdf)

<sup>112</sup> Consumers attitudes to the purchase of legal services, GfK, Solicitors Regulation Authority 2010 <http://www.sra.org.uk/sra/how-we-work/consumer-research/consumer-research.page>

<sup>113</sup> Taken from A framework to monitor the legal services sector, Oxera, 2011 <http://research.legalservicesboard.org.uk/wp-content/media/A-framework-to-monitor-the-legal-services-sector.pdf>

<sup>114</sup> For example General counsel look for alternatives as law firm fees continue to soar Strategic Legal Advisor 2009, <http://www.strategiclegaladvisor.com/news-features/General-counsel-look-for-alternatives-as-law-firm-fees-continue-to-soar/>

<sup>115</sup> See [http://www.legalservicesconsumerpanel.org.uk/publications/research\\_and\\_reports/documents/ConsumerPanel\\_ConsumerImpactReport\\_2011.pdf](http://www.legalservicesconsumerpanel.org.uk/publications/research_and_reports/documents/ConsumerPanel_ConsumerImpactReport_2011.pdf)

<sup>116</sup> Home buying and selling: A Market Study, February 2010 OFT 1186, [http://www.of.gov.uk/shared\\_of/reports/property/OFT1186.pdf](http://www.of.gov.uk/shared_of/reports/property/OFT1186.pdf)

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<sup>118</sup> Benchmarking Legal Services, BDRG Continental, 2012 <http://research.legalservicesboard.org.uk/wp-content/media/2012-Individual-consumers-legal-needs-report.pdf>

<sup>119</sup> <http://open.justice.gov.uk/courts/overall-case-length/>

<sup>120</sup> See <http://www.justice.gov.uk/statistics/courts-and-sentencing/judicial-quarterly>

<sup>121</sup> <http://www.justice.gov.uk/publications/statistics-and-data/courts-and-sentencing/judicial-quarterly.htm>

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<sup>123</sup> <http://research.legalservicesboard.org.uk/wp-content/media/2011-ABS-research-note.pdf>

<sup>124</sup> See <http://www.justice.gov.uk/news/press-releases/hmcts/newsrelease071211a.htm>

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<sup>126</sup> See <http://www.thecityuk.com/research/our-work/reports-list/dispute-resolution-in-london-and-the-uk-2010/>

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- <sup>132</sup> Strong Results for Co-op legal services, Legal Futures 2010, <http://www.legalfutures.co.uk/latest-news/strong-results-for-co-op-legal-services>
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<http://www.thecityuk.com/research/our-work/reports-list/legal-services-2011/>
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- <sup>135</sup> SRA Summary of Performance Measures and Statistics 2009, 2010, and 2011  
<http://www.sra.org.uk/reports/>
- <sup>136</sup> Figures from Trends in the Solicitor Profession – Annual Statistical Reports, The Law Society  
<http://www.lawsociety.org.uk/aboutlawsociety/whatwedo/researchandtrends/researchpubs.law>
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<http://www.slideshare.net/Richardhill97/new-surge-in-firms-looking-at-limited-company-status-by-richard-hill-june-2010>
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- <sup>140</sup> <http://www.conveyancer.org.uk/absregister.html>
- <sup>141</sup> See slide 29 RIR Map of Legal Services: Part 1- Supply.
- <sup>142</sup> Taken from LSRC Routine monitoring of the diversity of the supplier base reports, 2006, 2008, & 2010 <http://www.justice.gov.uk/publications/research-and-analysis/lsrc/research-publications>
- <sup>143</sup> Cost benefit analysis of policy options related to referral fees in legal services, May 2010, Charles River Associates - <http://research.legalservicesboard.org.uk/wp-content/media/2010-Investigation-into-referral-fees-report.pdf>
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- <sup>155</sup> Page 93 Cost benefit analysis of policy options related to referral fees in legal services May 2010 Charles River Associates, <http://research.legalservicesboard.org.uk/wp-content/media/2010-Investigation-into-referral-fees-report.pdf>

- <sup>156</sup> Taken from Claims Management Regulator Annual Reports - <http://www.justice.gov.uk/downloads/publications/corporate-reports/cmr/cmr-annual-report-2010-11.pdf>
- <sup>157</sup> The ability of a fee earner to convert time into income through achieving the maximum possible level of utilisation, and bill enough hours to meet their chargeable hours target. See RIR Map of legal services Part 1, slides 151-154.
- <sup>158</sup> See [http://www.pwc.co.uk/assets/pdf/LFS\\_2010.pdf](http://www.pwc.co.uk/assets/pdf/LFS_2010.pdf)
- <sup>159</sup> See [http://www.legalweek.com/legal-week/news/2161518/rbs-legal-profession-carrying-thousands-excess-solicitor-jobs?WT.tsrc=Email&WT.mc\\_id=694&utm\\_source=Newsletters&utm\\_medium=Email&utm\\_campaign=LW\\_Daily](http://www.legalweek.com/legal-week/news/2161518/rbs-legal-profession-carrying-thousands-excess-solicitor-jobs?WT.tsrc=Email&WT.mc_id=694&utm_source=Newsletters&utm_medium=Email&utm_campaign=LW_Daily) and <http://amlawdaily.typepad.com/amlawdaily/2012/03/ukfirmscut5000jobsrbsreport.html>
- <sup>160</sup> Barristers working lives – A biennial Survey of the Bar 2011, [http://www.barstandardsboard.org.uk/media/1385164/barristers\\_working\\_lives\\_30.01.12\\_web.pdf](http://www.barstandardsboard.org.uk/media/1385164/barristers_working_lives_30.01.12_web.pdf)
- <sup>161</sup> For a summary of potential reasons see Table 8, Cost benefit analysis of policy options related to referral fees in legal services, May 2010, Charles River Associates - <http://research.legalservicesboard.org.uk/wp-content/media/2010-Investigation-into-referral-fees-report.pdf>
- <sup>162</sup> The UK Legal Services Market, IRN Research 2008, <http://www.irn-research.com/sector-specific-services/legal-services/>
- <sup>163</sup> Client satisfaction report – Legal Week Intelligence 2010 - <http://www.legalweek.com/legal-week/research/1167635/ftse-aim-client-satisfaction-survey-2008>
- <sup>164</sup> See <http://www.justice.gov.uk/downloads/publications/lsrc/2011/civil-justice-wave1-report.pdf>
- <sup>165</sup> Consumer Impact Report 2010, LSCP, [http://www.legalservicesconsumerpanel.org.uk/publications/research\\_and\\_reports/documents/CIR\\_financial\\_full%202012%2007%2025.pdf](http://www.legalservicesconsumerpanel.org.uk/publications/research_and_reports/documents/CIR_financial_full%202012%2007%2025.pdf)
- <sup>166</sup> LSB analysis of survey response data question 18, Benchmarking Legal Services, BDRG Continental, 2012 <http://research.legalservicesboard.org.uk/wp-content/media/2012-Individual-consumers-legal-needs-report.pdf>
- <sup>167</sup> See section D, Market Impacts of the Legal Services Act – Interim Baseline Report, LSB 2012 <http://research.legalservicesboard.org.uk/wp-content/media/Impacts-of-the-LSA-2012-interim-baseline-report.pdf>
- <sup>168</sup> <http://research.legalservicesboard.org.uk/wp-content/media/2011-ABS-research-note.pdf>
- <sup>169</sup> Law Firms Survey 2010, PWC, [http://www.pwc.co.uk/assets/pdf/LFS\\_2010.pdf](http://www.pwc.co.uk/assets/pdf/LFS_2010.pdf)
- <sup>170</sup> For more information see slides 145-160 RIR Map of Legal Services: Part 1 - Supply
- <sup>171</sup> See for example <http://www.co-operative.coop/corporate/Press/Press-releases/Headline-news/The-Co-operative-Legal-Services-to-enter-family-law-market/>
- <sup>172</sup> See for example <http://www.thelawyer.com/russell-jones-and-walker-acquired-by-listed-aussie-firm-slater-and-gordon/1011140.article>
- <sup>173</sup> See for example <http://www.thelawyer.com/irwin-mitchell-we%E2%80%99ll-float-and-take-on-the-mid-tier/1007714.article>
- <sup>174</sup> 2007-2010 Law Firms Surveys, PWC, [http://www.pwc.co.uk/assets/pdf/LFS\\_2010.pdf](http://www.pwc.co.uk/assets/pdf/LFS_2010.pdf)
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- <sup>176</sup> ABS applications summary, June 2012 Quarterly Report, <http://www.sra.org.uk/reports/>