

The LSA: past, present, future

UCL LLM students

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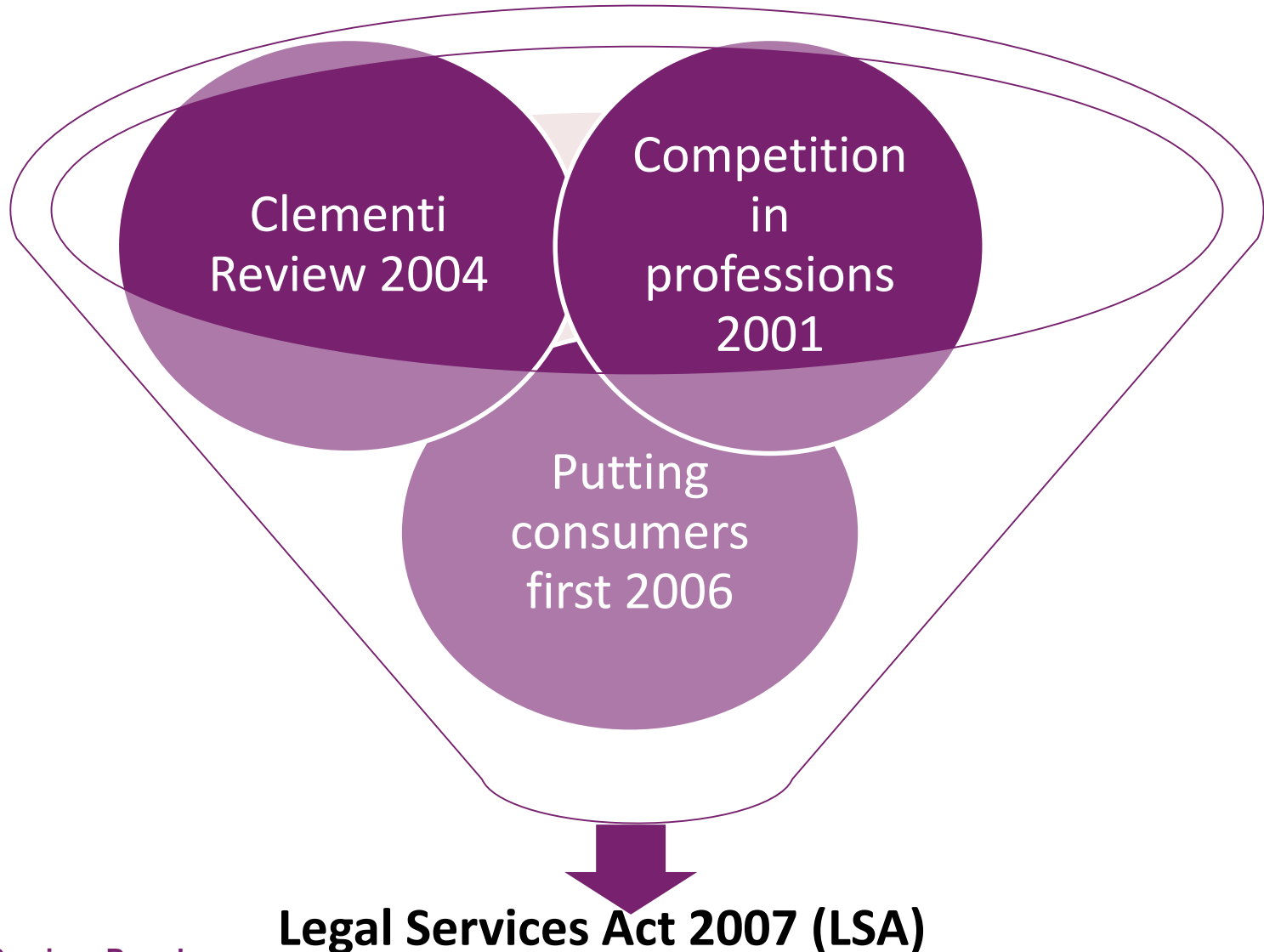
Overview

- Why was change necessary?
- What regulatory changes have been made?
- What's changed so far?
- What's the future?

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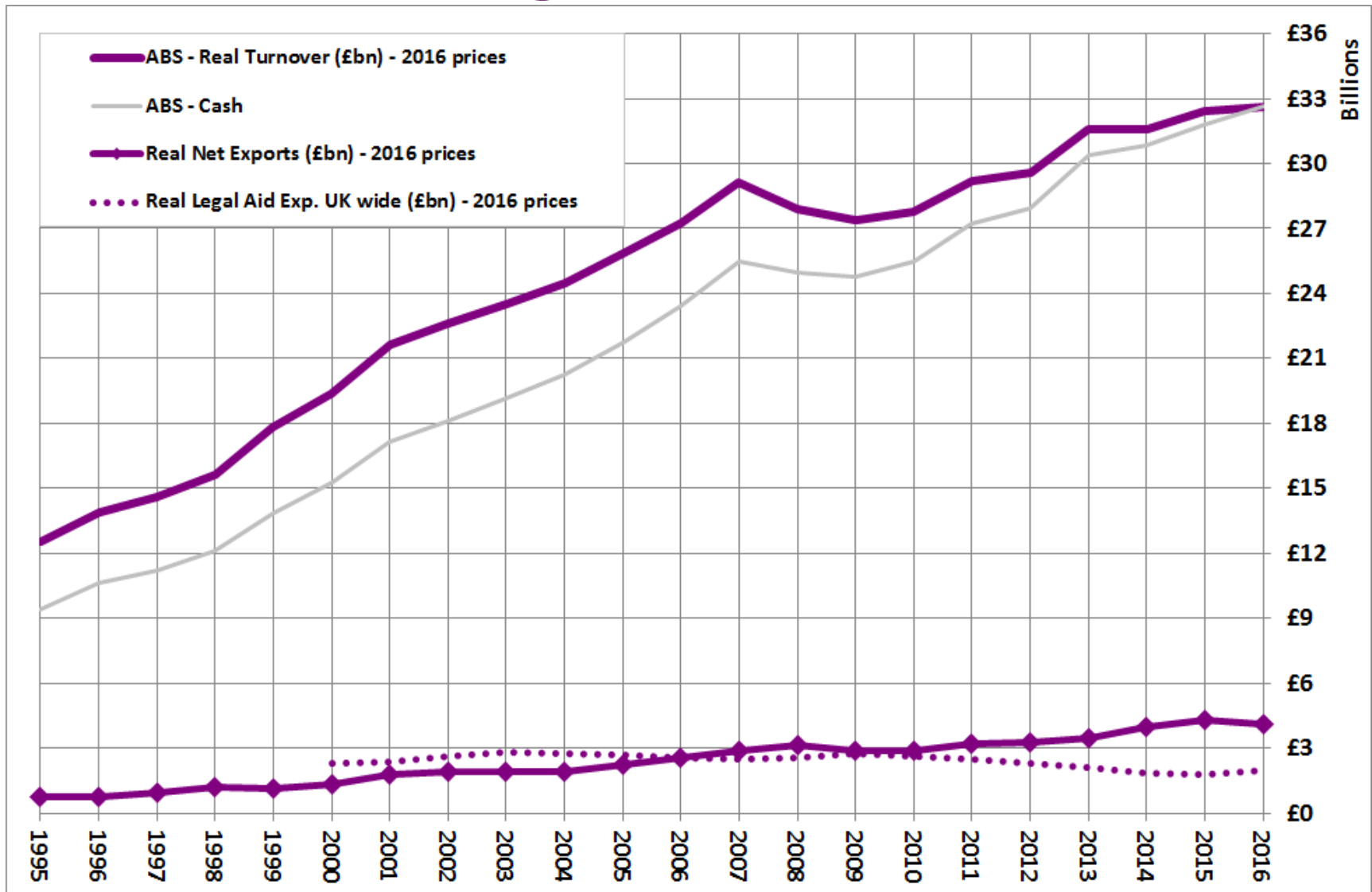
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How the LSA came about



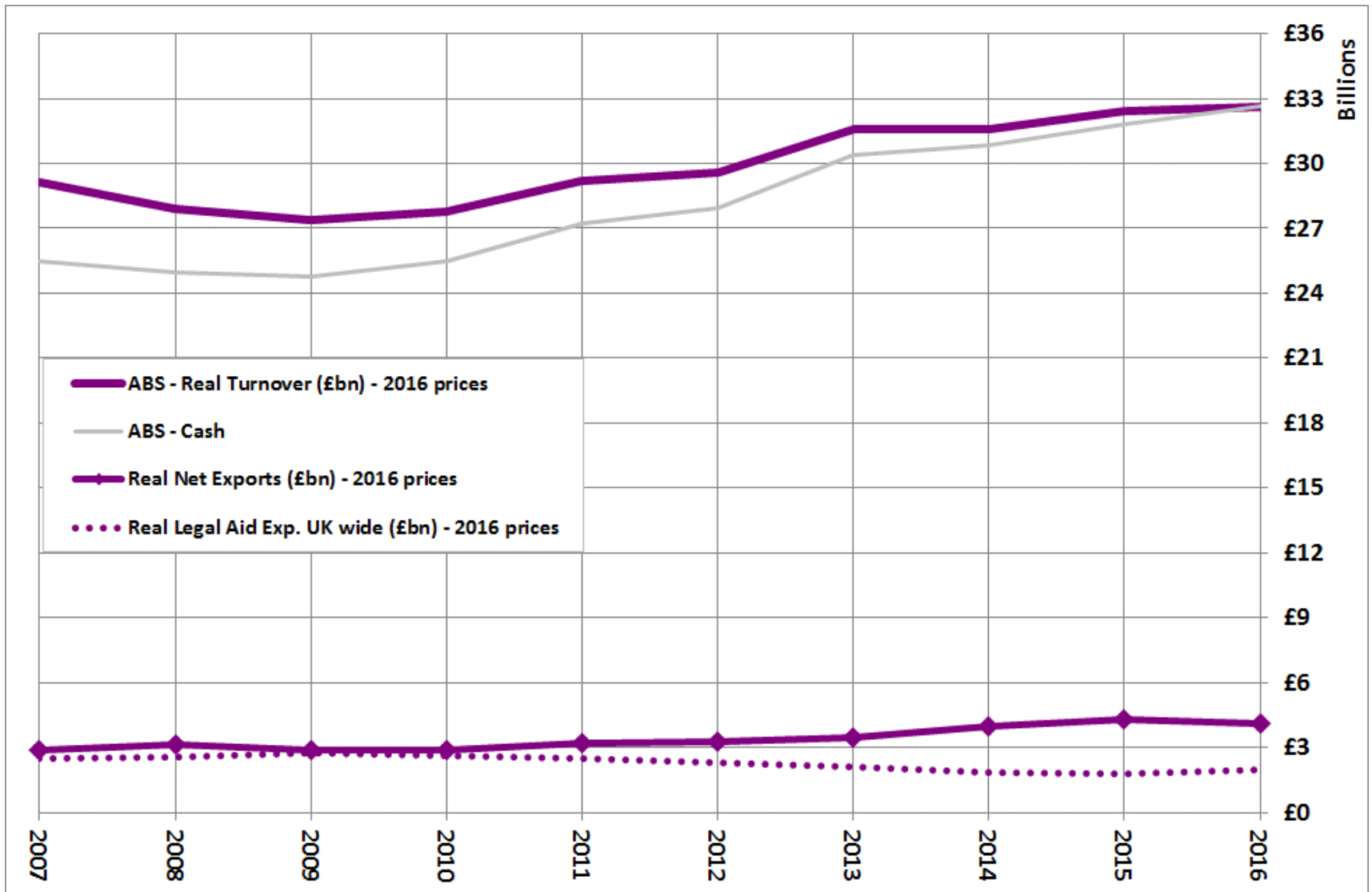
No need to change? The sector has grown

Sources: ONS, LSC, LAA, MoJ, SLAB,
NILSC, NILSA – UK WIDE

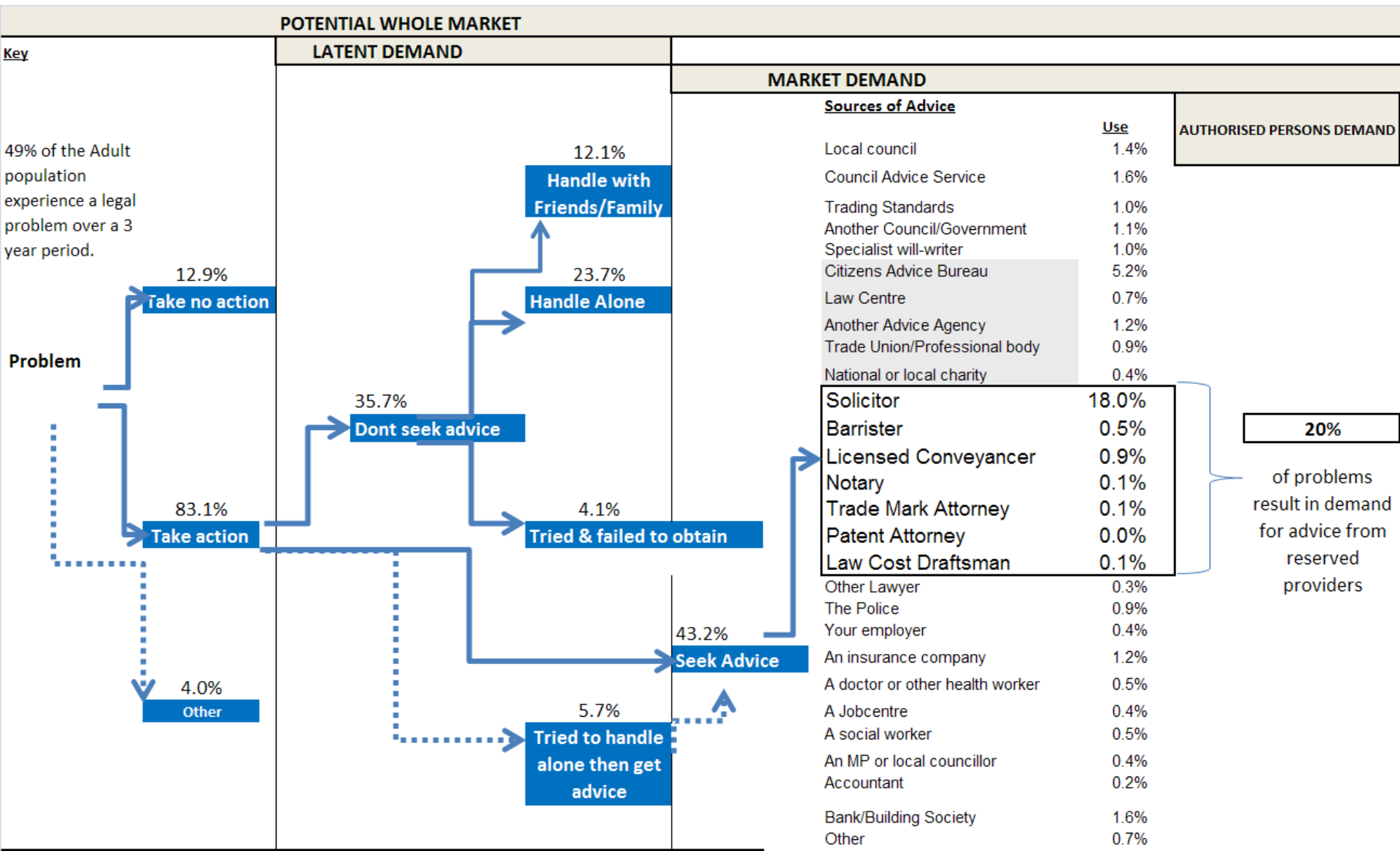


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Use of lawyers limited for individuals



Why are there unserved consumers?

- *“our findings indicate that use of lawyers may be more fundamentally driven by whether or not people characterise **problems as being “legal”**..... To the extent characterisation is linked to people's understanding of the law, it raises questions around public legal education. To the extent it is linked to problem severity, or the stage that problems have reached, it raises questions around **the accuracy of people’s cost-benefit assessments** and the appropriateness of characterisations. To the extent it is linked to the supply of traditional legal services, it **raises questions around the functioning of the legal services market**”*

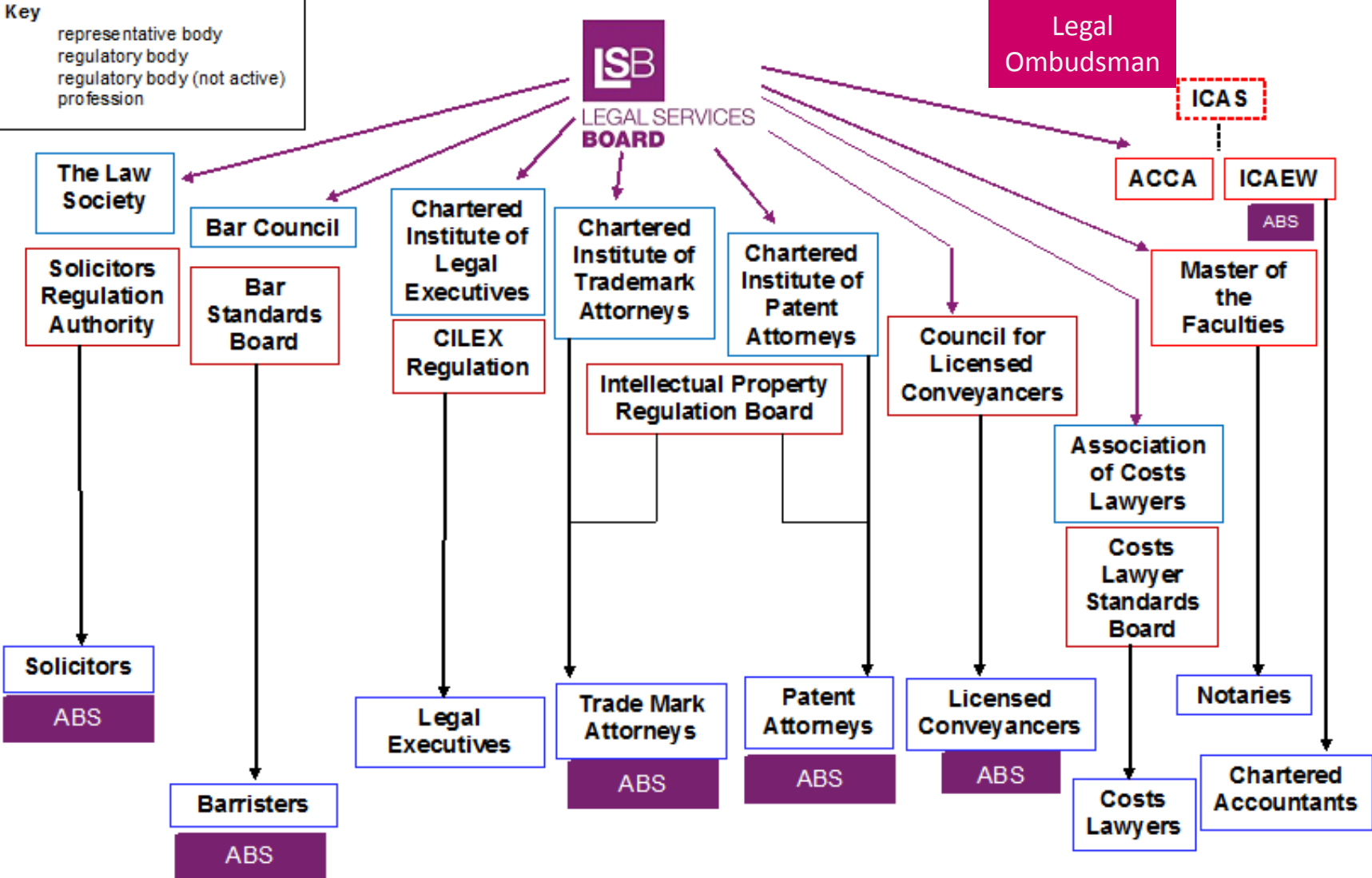
Source: *Horses for courses? Pascoe Pleasence, Nigel J Balmer, Stian Reimers, LSB 2010 – LSB emphasis*

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Regulatory structure

Key
 representative body
 regulatory body
 regulatory body (not active)
 profession



Legal duty to promote the regulatory objectives

1. Protecting and promoting the public interest
2. Supporting the constitutional principle of the rule of law
3. Improving access to justice
4. Protecting and promoting the interests of consumers
5. Promoting competition in the provision of services
6. Encouraging an independent, strong, diverse and effective legal profession
7. Increasing public understanding of the citizen's legal rights and duties
8. Promoting and maintaining adherence to the professional principles

Codified 'Reserved' activities.....and enabled regulatory change

Market segments	All	All	All	Conveyancing, Probate	Intellectual Property		Other (Costs litigation)	Conveyancing , Other (Notarial), Probate	Probate
Reserved Activities by Profession	Solicitors	Barristers	Legal Executives	Licensed Conveyancers	Patent Attorneys	Trademark Attorneys	Cost Lawyers	Notaries and scribes	Accountants
1. Right to conduct litigation	X	X	X		X	X	X		
2. Right of audience in the courts	X	X	X		X	X	X		
3. Probate services	X	X	X	X				X	X
4. Reserved Instrument Activities	X	X	X	X	X	X		X	
5. Notarial services								X	
6. Acting as a commissioner for oaths	X	X	X	X	X	X	X	X	
Nature of regulation									
Individual regulation	✓	✓	✓	✓	✓	✓	✓	✓	✓
Entity regulation	✓	✓	✓	✓	✓	✓			✓
ABS licensing	✓	✓		✓	✓	✓			✓

Statutory titles

Protected

Solicitor

Barrister

Registered Trade Mark

Attorney

Patent Attorney

Unprotected

Notary

Costs Lawyer

Lawyer

Law Practitioner

Paralegal

Legal Adviser

Attorney

Advocate

Non Lawyer ownership: What is an ABS?



- a. Equity can be raised from a broader base of potential partners, members or directors;
- b. Non-solicitor employees may be rewarded by partner, member or director status, with a direct stake in the organisation;
- c. The ability to diversify the range of legal services provided by the practice;
- d. Equity can be raised from outside the legal sector without the need for non-lawyer involvement at the management level

Source: Law Society

The ABS suitability test

Source: SRA Handbook

You must:

- 1. uphold the rule of law and the proper administration of justice;*
- 2. act with integrity;*
- 3. not allow your independence to be compromised;*
- 4. act in the best interests of each client;*
- 5. provide a proper standard of service to your clients;*
- 6. behave in a way that maintains the trust the public places in you and in the provision of legal services;*
- 7. comply with your legal and regulatory obligations and deal with your regulators and ombudsmen in an open, timely and co-operative manner;*
- 8. run your business or carry out your role in the business effectively and in accordance with proper governance and sound financial and risk management principles;*
- 9. run your business or carry out your role in the business in a way that encourages equality of opportunity and respect for diversity; and*
- 10. protect client money and assets.*

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- **What's changed so far?**
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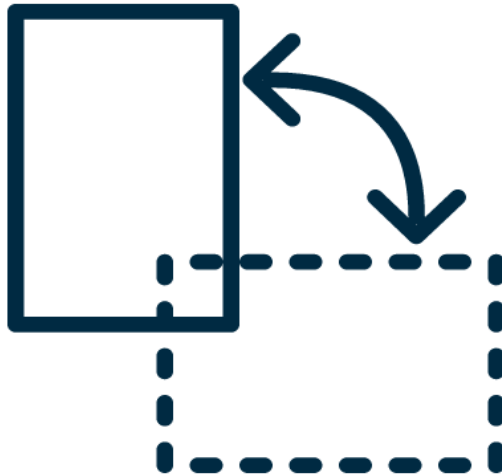
ABS - aims



Non-lawyer ownership and management of law firms

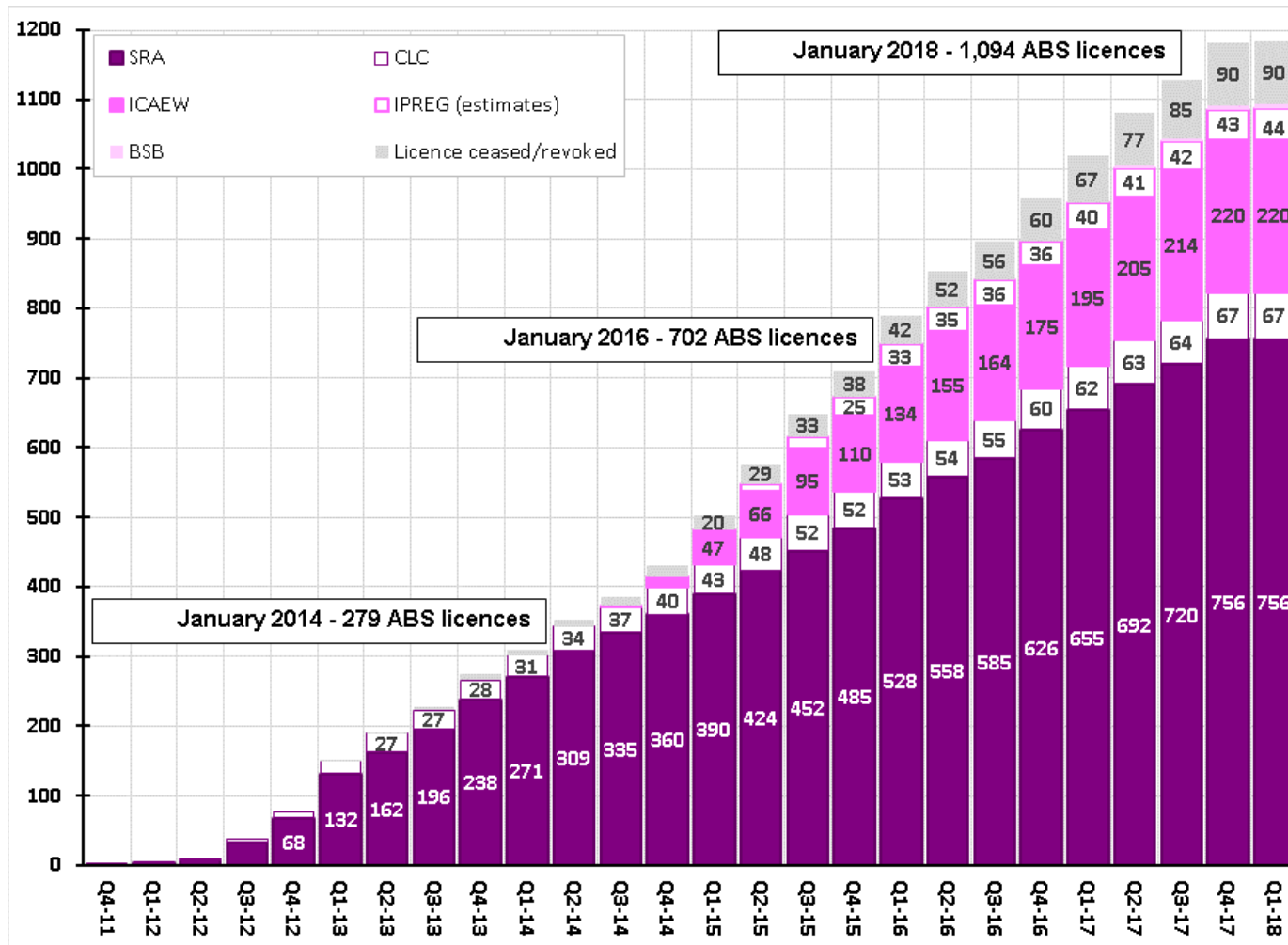


Increased scale through less reliance on debt capital and better access to external investment



New ideas about how to deliver legal services, increasing variety, and improving access to services

Growth of ABS

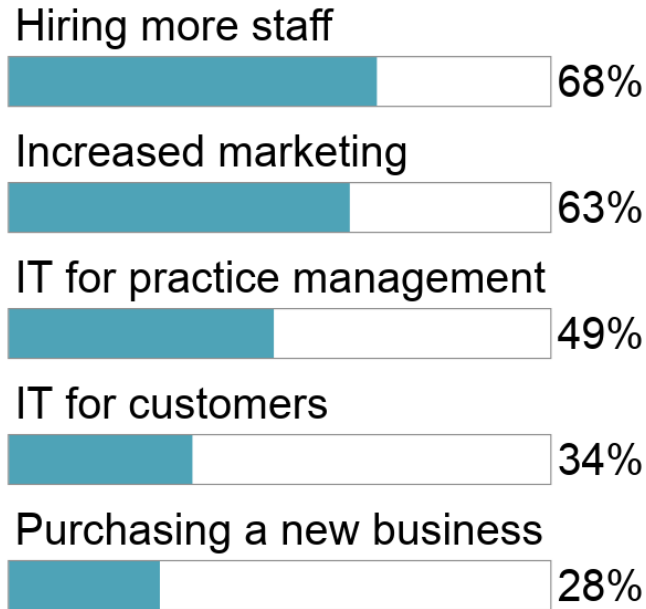


- 19% are new firms
- 37% did not offer legal services before getting their ABS licence
- 23% provide other services
- 68% have less than 50 employees
- 17% are wholly owned by non-lawyers

ABS and investment

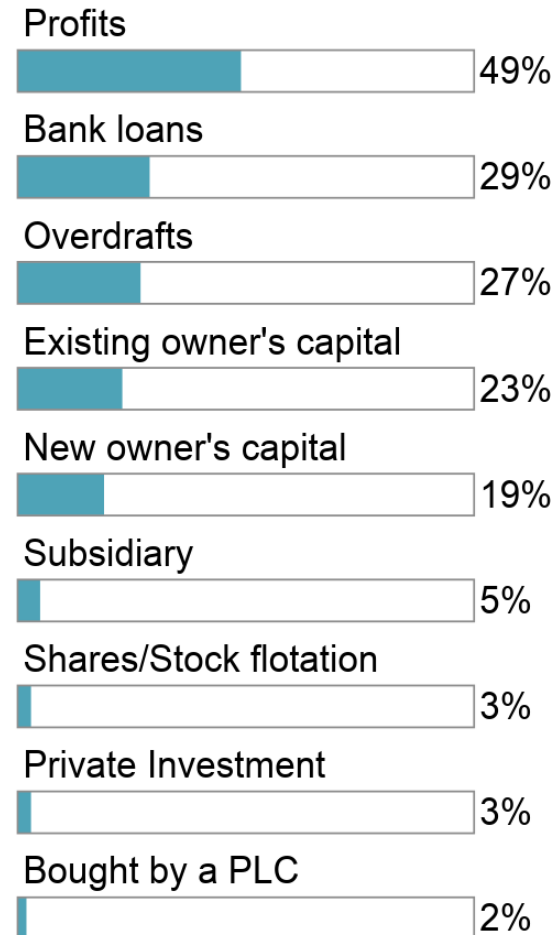
66% of ABS have invested or plan to do so

Areas of investment:

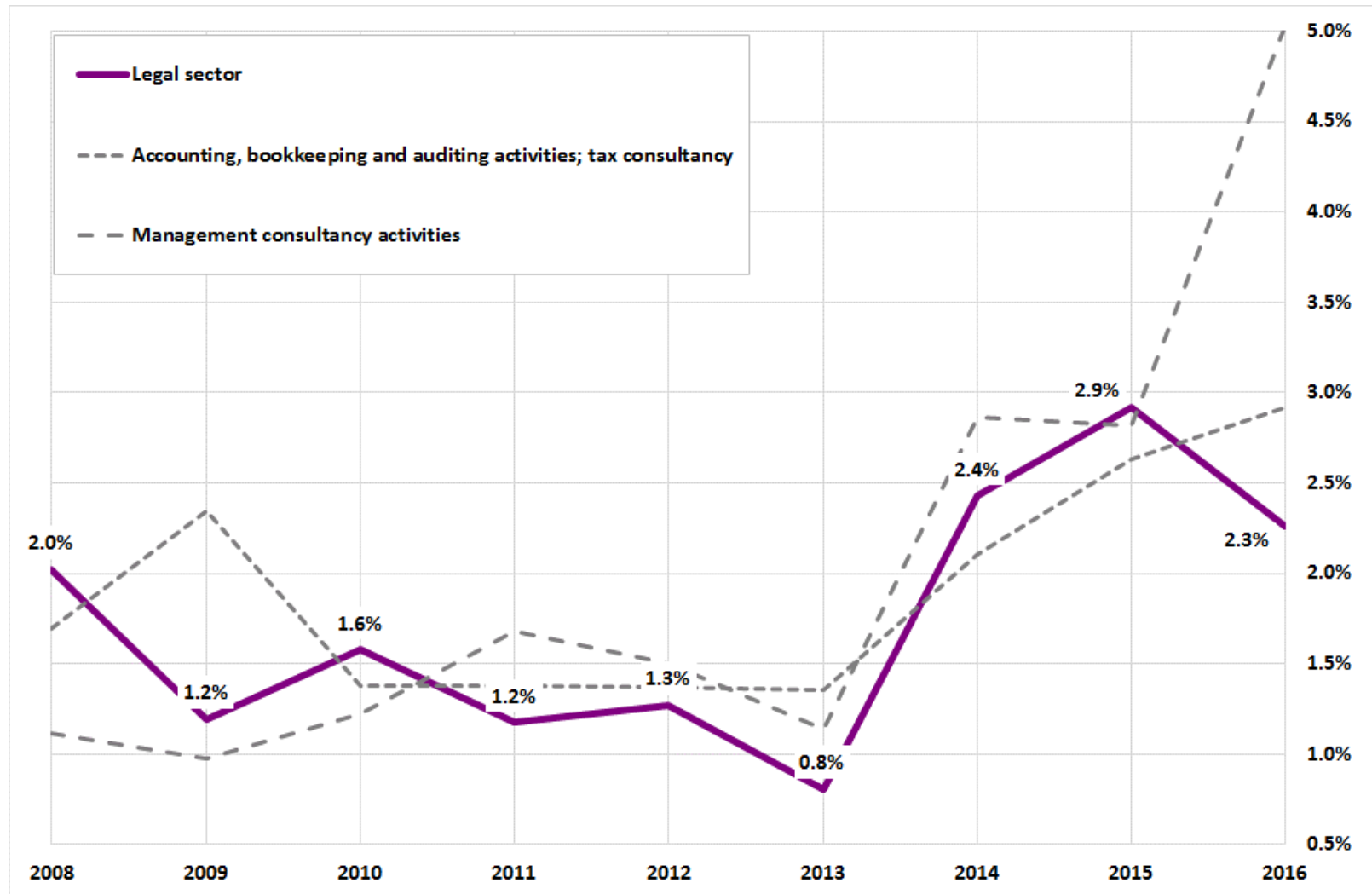


Source: Evaluation: ABS and investment in legal services

The main source of investment funding is profits



Investment in the UK legal sector



ABS and innovation

- Innovation measured as activity and capability
- No overall substantial change between 2009 and 2015
- BUT:

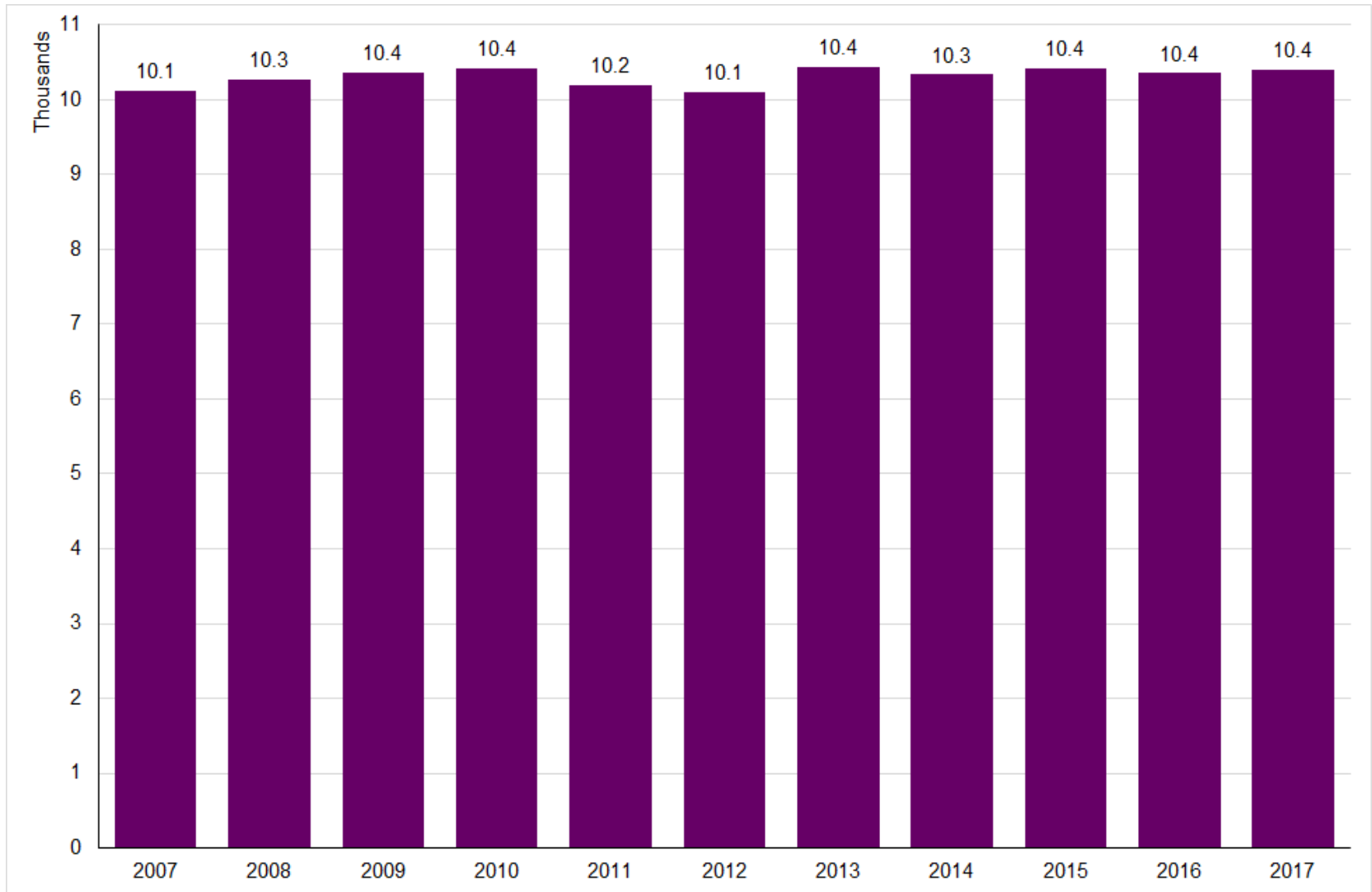
	Non- ABS (N=850)	ABS (N=93)	All Solicitors (N=943)
Service innovation (%)	24.2	36.2	25.3
Radical service innovation (%)	6.2	13.0	6.8
Delivery innovation (%)	25.3	29.5	25.6
Strategic innovation(%)	15.9	28.6	17.0
Management innov (%)	18.4	20.1	18.5
Organisational innov (%)	20.6	40.6	22.4
Marketing innov (%)	34.5	57.8	36.6

Source: Innovation in Legal Services, ERC Warwick University 2015

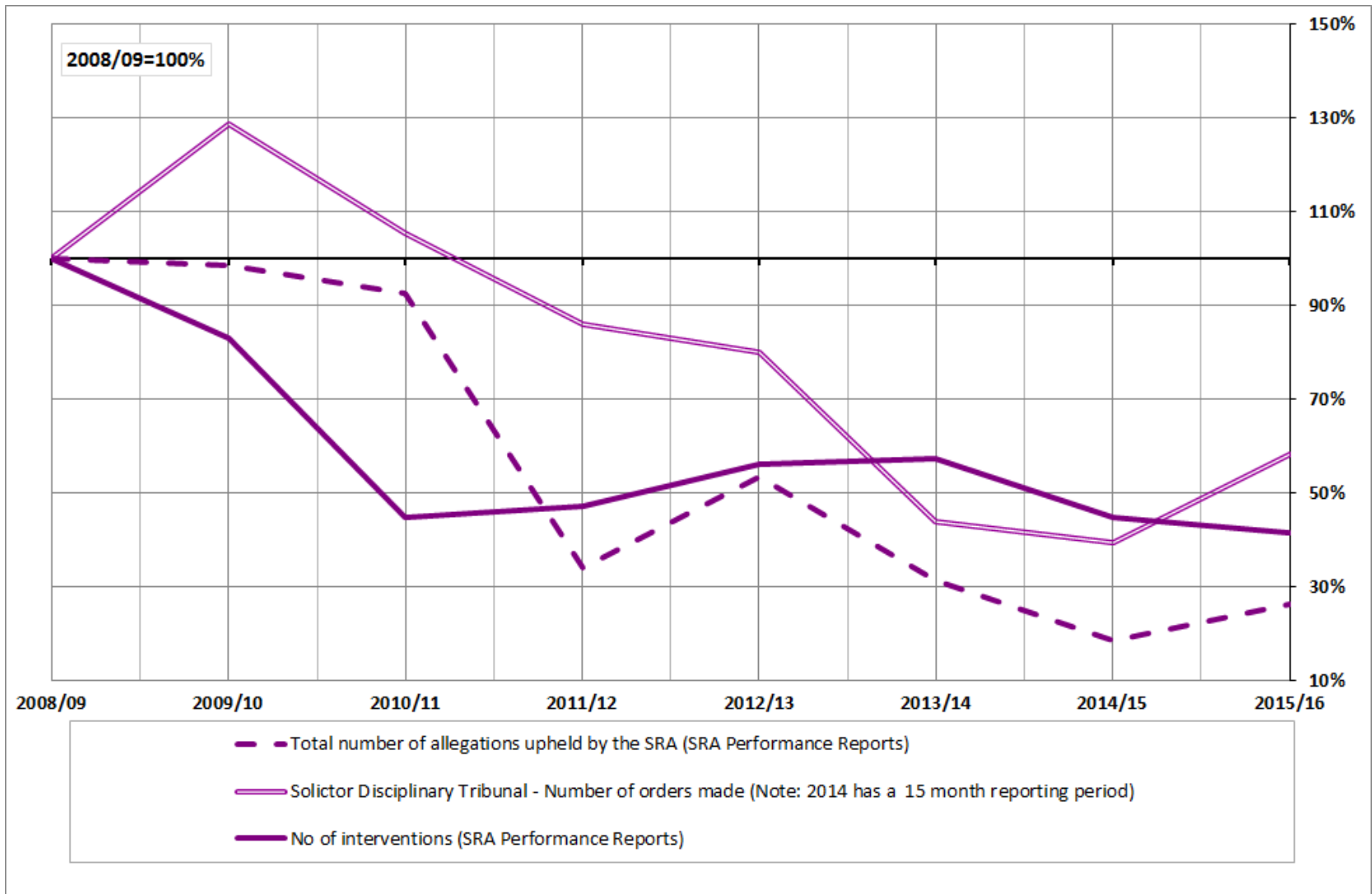
Number of lawyers grown by 22%



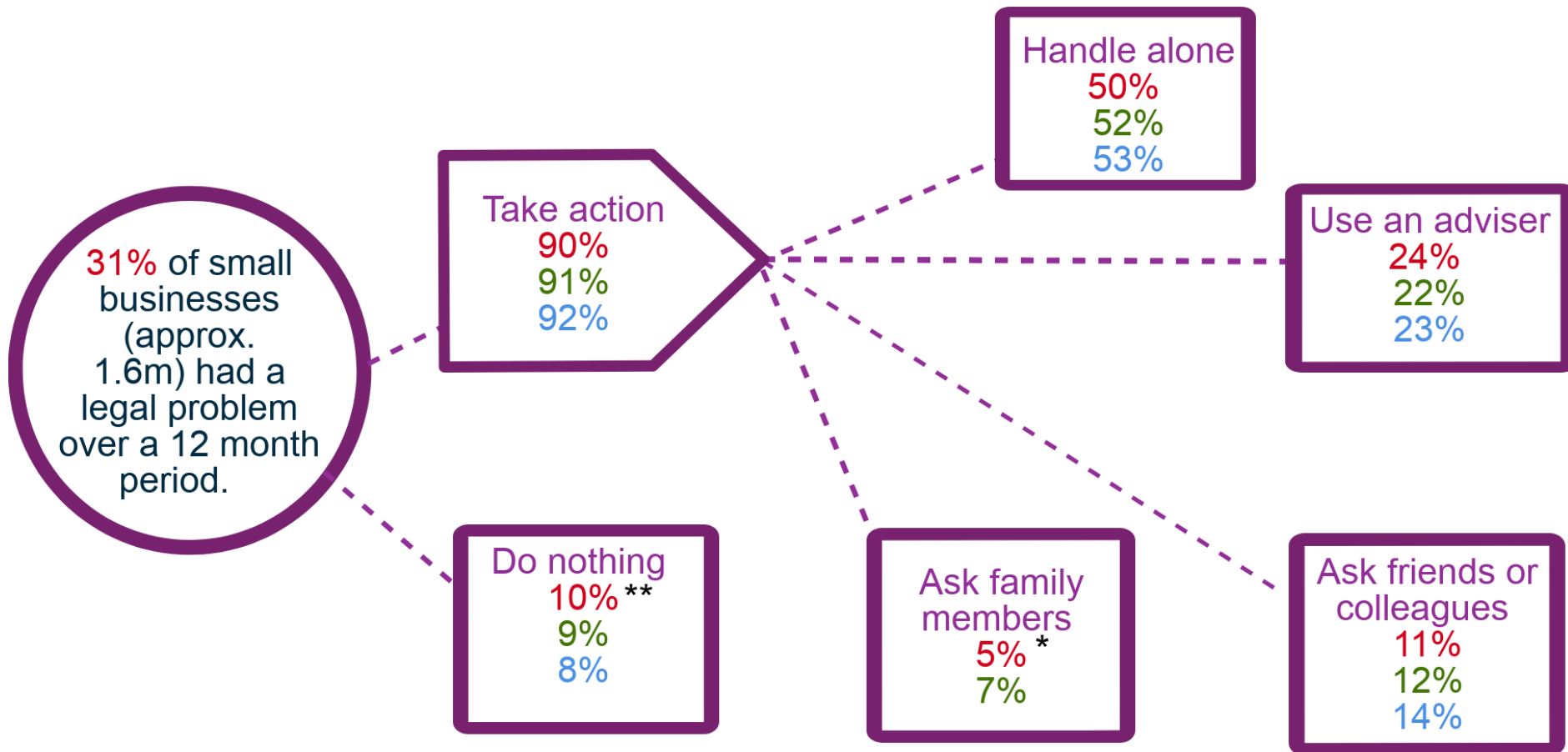
Number of entitles largely static



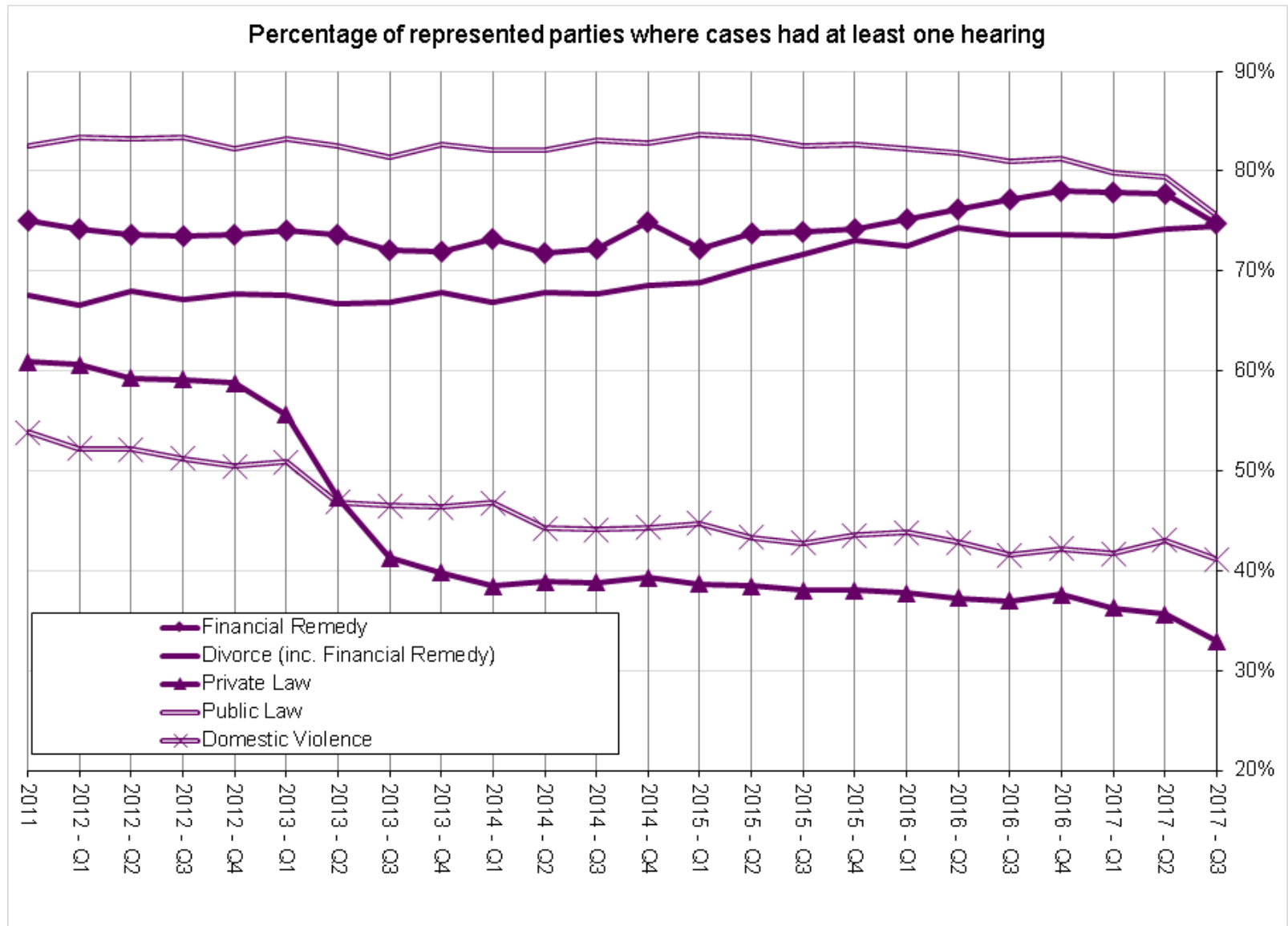
Upheld allegations of misconduct falling



Responses to problems – Small Businesses



Trends in representation at court

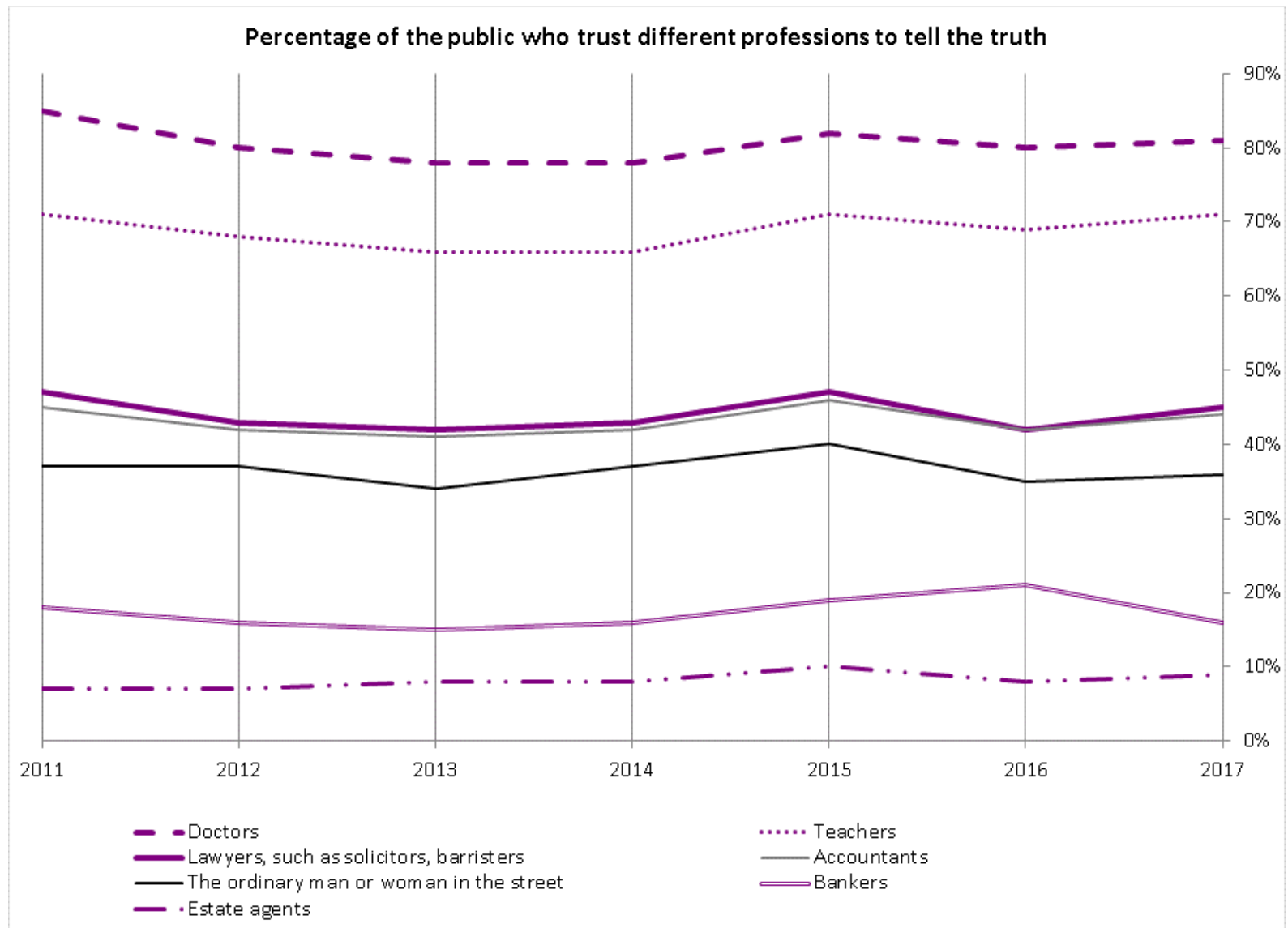


Consumers experiences

Indicator	2011	2012	2013	2014	2015	2016	2017
Levels of shopping around: Individuals ⁰	19%	22%	22%	24%	25%	25%	27% ^B
Use of comparison/feedback sites: Individuals ⁰	1%	1%	1%	1%	2%	2%	2% ^B
Ease of shopping around: Individuals ⁰	51%	57%	55%	54%	57%	57%	47% ^A
Satisfaction with value for money: Individuals ⁰	57%	58%	57%	63% ^A	61%	61%	61% ^B
Consumers who do nothing when dissatisfied ⁰		42%	44%	44%	42%	35%	49% ^A
Public confidence in complaining about lawyers ⁰	51%	49%	44% ^A	45%	48%	43% ^A	44% ^B

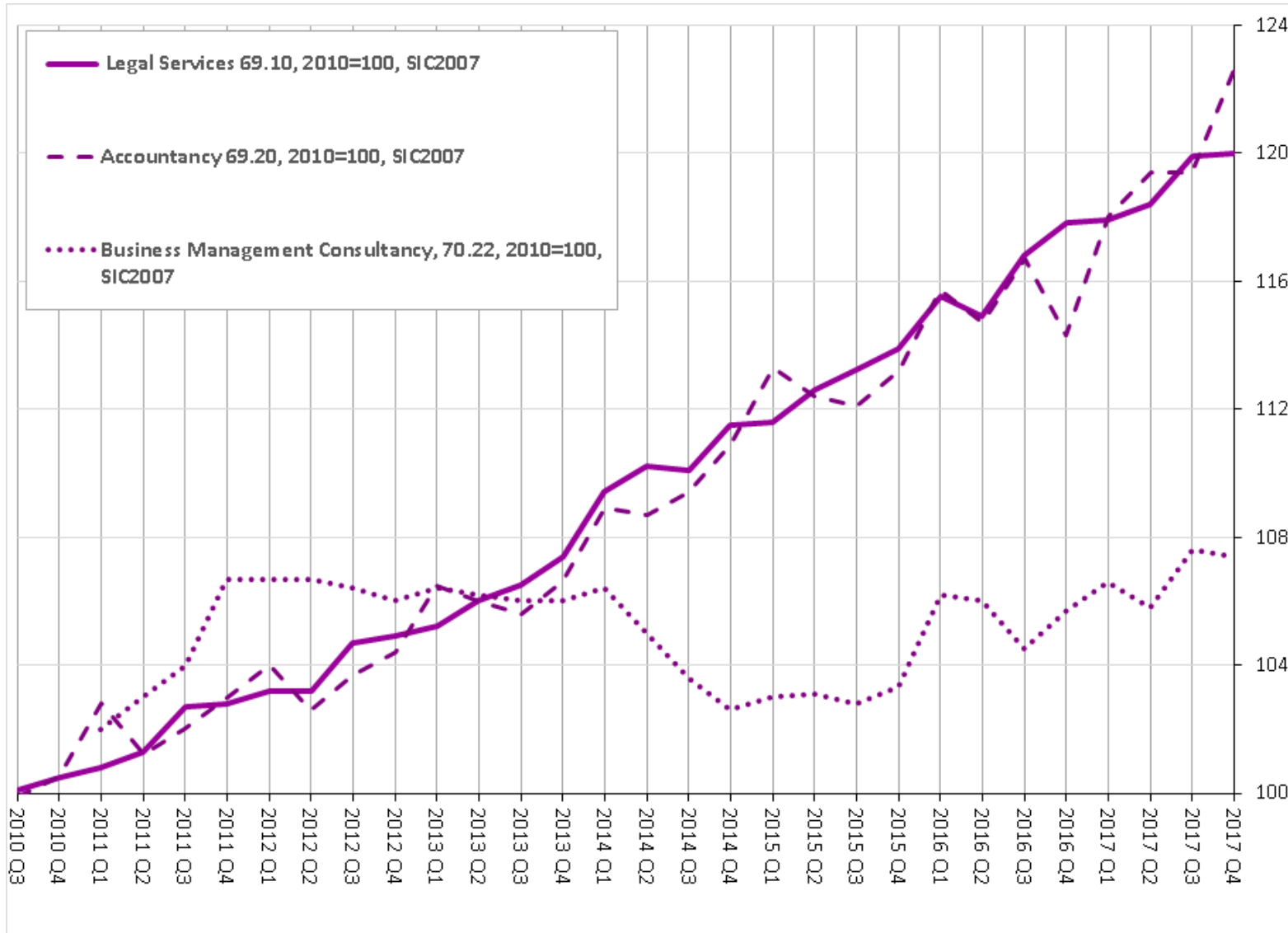
KEY: ⁰ = Survey source, ^A = Significant differences to previous figure, ^B = Significant differences between oldest and newest figure

Public perceptions



The costs of going to law remains high

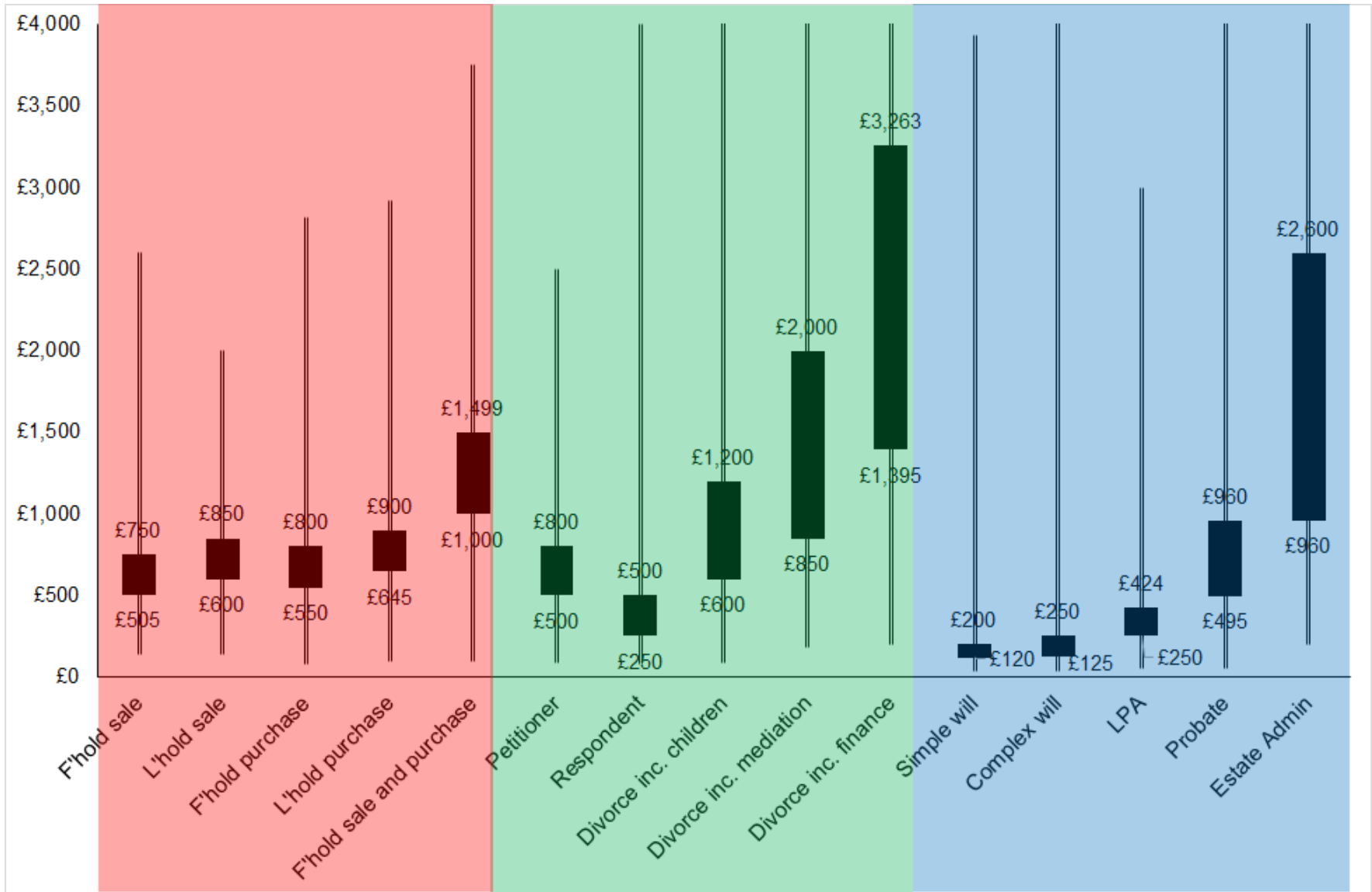
Sources: ONS. LSB



2015 -
One hour
of
litigation
costs 47%
of an
individuals
average
weekly
earnings

Price differences

Sources: Prices of Individual Consumer Legal Services 2017, LSB, BMG Research



Price differences: reasons?

Factors captured but not significant

- ABS (13/15)
- Age (12/15)
- Sites (12/15)
- Remote services (15/15)
- Displaying prices (10/15)
- Menu of prices (11/15)
- Service delivery methods (11/15)
- Information provided at point of sign up (8/15)
- Flexible payment options (14/15)
- Freq. of cases costing more (9/15)

Possible factors not captured

- Firm pricing strategy
- 'Quality' of service premium:
 - Experience of fee earners
 - Membership of Accred.
- Firm staffing structure/use of IT
- Fee earner utilisation rates

Price differences: reasons?

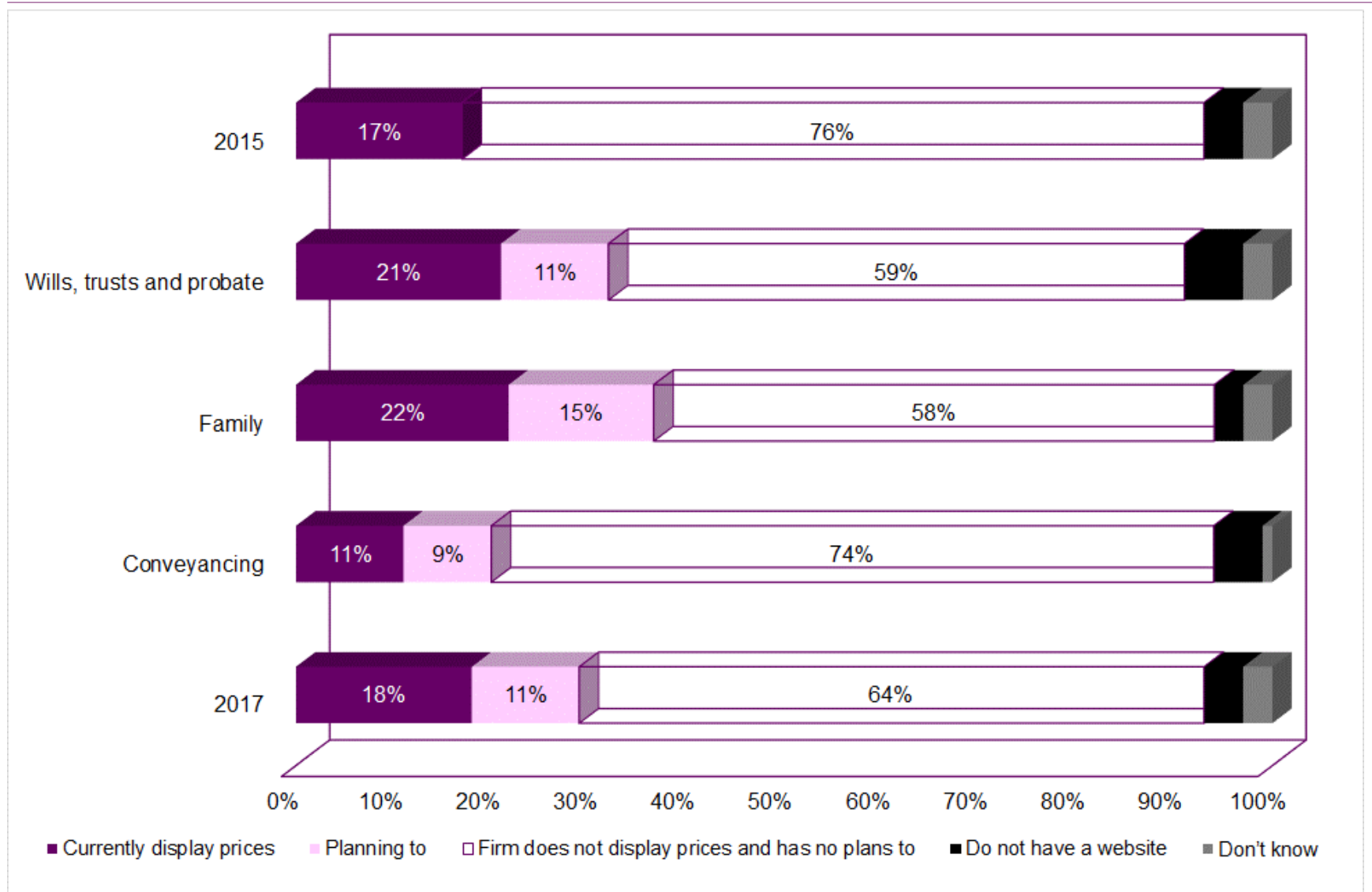
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Findings: Price transparency



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LSB Vision for LSA reform – September 2016

Regulatory Objectives

Safeguarding the public interest by protecting consumers and ensuring the delivery of outcomes in the interests of society as a whole



Scope of Regulation

Activities for which an independent review determines regulation is necessary on grounds of risk to the regulatory objectives



Focus of regulation

On activity, with regulation of providers only for specific high risk activities.

Regulation not based on professional title.



Independence of regulation

Independent both of the professions and government and accountable to Parliament.



Consumer representation

Independent sector-specific consumer voice, a general duty to consult and engage with consumers



The structure of the regulator

Single regulator covering the whole market

Competition and Markets Authority 2016

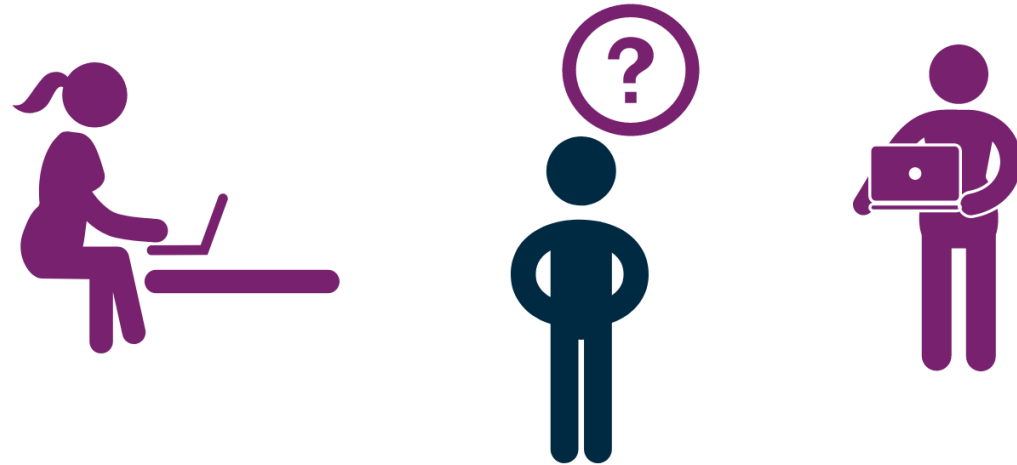
Competition in the legal services sector for individual consumers and small businesses is not working well.



- Information to be provided **before** they engage with a provider
- Independent feedback platforms to enable quality comparisons
- Legal Choices becomes consumer hub



Consumers generally lack the experience and information they need to find their way around the legal services sector.



- **Compare providers and increase competition**

LSB Business Plan 2018/19 (consultation)

Strategy 2018-21

Promoting the public interest through ensuring independent, effective and proportionate regulation

Making it easier for all consumers to access the services they need and get redress

Increasing innovation, growth and the diversity of services and providers

Key workstreams

- Regulatory performance
- Internal Governance Rules review outcomes
- Technology and regulation
- Enforcement end to end review

Key workstreams

- CMA action plans
- Individual legal needs survey
- Small business legal needs
- Consumer segmentation

Key workstreams

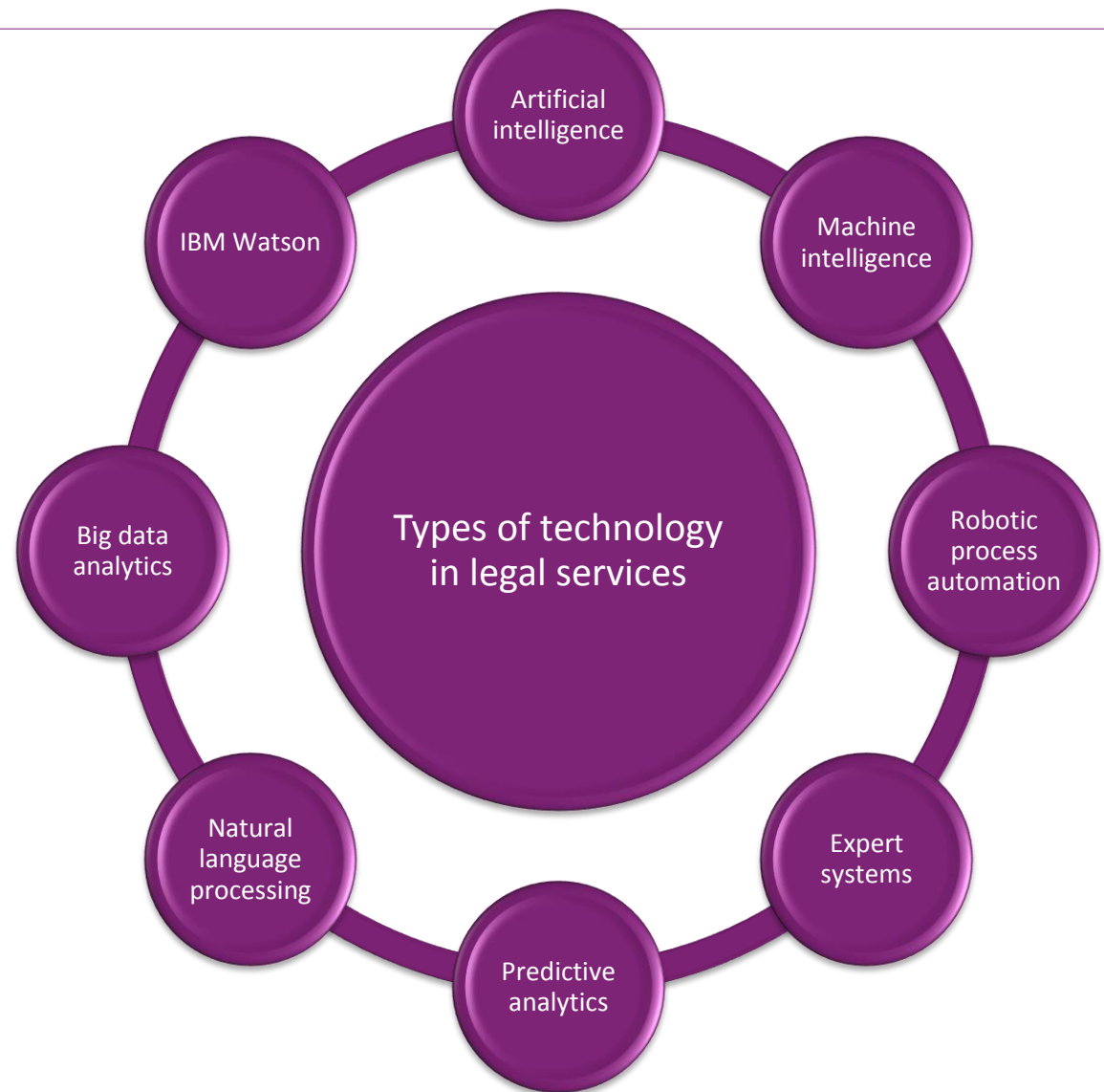
- Planning for EU exit
- Diversity guidance
- Innovation survey

Discharging our statutory duties

Technology

Sources: The Law Society - 2017 Capturing Technological Innovation in Legal Services, 2018 Forecasts

- **IT replacing Qualified solicitors work:**
- All firms: 2% in 2013/14 and 3% in 2016/17
- Large firms: 3% in 2013/14 and 15% in 2016/17



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What are you looking for? GO

Measuring the impacts of reform

Quality of legal services

Diversity of the legal profession

Consumers' unmet legal needs

Consumer experiences of legal services

Investigating regulation

Reports

In this section, you can access all the research reports commissioned by us, or our in house reviews. Where available, you can also access associated data sets and report summaries.

You can view reports by theme, using the menu to the left, or as a single list using the button below.

There are six themes to explore in this section:

Measuring the impacts of reform – how has the legal services market changed since the introduction of the Legal Services Act 2007?

Quality of legal services – what do we know about consumers' experiences of the quality of legal services?

Diversity of the legal profession – how diverse is the legal workforce and how has this has changed over time?

Consumers' unmet legal needs – where are the gaps in the current provision of legal services?

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