



FOR IMMEDIATE RELEASE:

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First joint research into work of solicitors' firms published

The Law Society, the **Legal Services Board** and the **Ministry of Justice** publish today the results of a research project into the supply of legal services by solicitors firms.

The report – *A time of change: solicitors' firms in England and Wales* – is the culmination of one of the largest ever surveys into the activities of solicitors' firms. It is also the first time that these three organisations have partnered together in this fashion for research of this type, scale and scope, with a sample of 2,007 firms. The report reveals how solicitors' firms of all types are performing, in the context of recession, market changes, regulatory developments and legal aid reforms.

Some of the key findings thrown up by the research suggest that:

- firms report their most common problems as compliance with regulations (29% of firms), responding to competition (23%), adapting to changes in legal aid (23%), and in securing finance (21%). Of those reporting problems in securing finance, just over half have experienced problems obtaining bank finance and the remainder with equity funding
- 42% of firms have reported a decrease in turnover in the past three years, compared to 32% reporting an increase and 27% reporting no change. Smaller and medium sized firms are significantly more likely to have reported decreases in turnover
- 6% of firms are giving consideration to seeking external investment under ABS provisions
- 64% of firms engaged in media advertising with the most common form of advertising being the internet (54%), followed at a distance by local newspapers and magazines (30%)
- 31% of firms currently working with legal aid funded cases were considering withdrawing from one or more areas of legal aid in the next three years, particularly those firms working in family law.

The report's findings also indicate that:

- *residential property* (48% of firms) and *wills, trusts, probate & estate administration* (40% of firms) are the most common areas of work. 27% of firms reported that they conducted at least 90% of their activities in a single category of work

- new firms, those with a majority of female partners, firms with a majority of BAME partners and those doing 50% or more work in crime or immigration reported lower income per fee earner than other firms
- 19% of firms in the sample were new within the past three years, 50% of which were single solicitor firms
- 87% of firms outsourced one or more internal or external activities.

Commenting on the research, **Des Hudson, The Law Society Chief Executive** said:

“Solicitor-led firms are the single largest group of suppliers of legal services. Understanding how these firms structure themselves and deliver services is vital to understanding the market as whole.

This research provides valuable insight into the challenging issues facing our members and a crucial foundation for monitoring change over time and for assessing the impacts of and response to liberalisation of the legal services market and changes to legal aid funding.”

Chris Kenny, LSB Chief Executive said:

“We are really pleased to have been able to partner with the Ministry of Justice and the Law Society to undertake this research. The findings provide knowledge about solicitors firms that didn’t previously exist and helps to fill gaps that had previously been filled by assumption and anecdote.

The results of the survey confirms the diversity of firms in terms of their financial performance, the very different things they do for very different consumers, and the fact that many firms mix up different market segments, all of which tests the assumption that all firms face the same challenges. It also shows that a significant proportion of these firms are performing well, despite tough economic conditions.

The findings also outline the reality that competition exists in legal services, with some firms doing better than others across all the different market segments – just like in most other sectors.

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For further information, please contact the Law Society’s Head of Communications, [Graham Capper](#) at 020 7320 5811 or the LSB’s Communications Manager, [Vincent McGovern](#) at 020 7271 0068.

Notes for editors:

1. The report can be found at both [The Law Society](#) and the [Legal Services Board](#) websites. The data (raw and analysed) from which this report is derived is also available on the Legal Services Board website.
2. This research, which was jointly funded by the Law Society, the Legal Services Board and the Ministry of Justice, was undertaken by **Professor Pascoe Pleasence, Dr Nigel Balmer** and **Professor Richard Moorhead**.
3. The Law Society of England and Wales is the independent representative for solicitors, established in 1825. The Society works globally to support and represent its members, promoting the highest professional standards and the rule of law.
4. The Legal Services Act ("The Act") created the Legal Services Board as a new regulator with responsibility for overseeing the regulation of legal services in England and Wales. The new regulatory regime became active on 1 January 2010.
5. The LSB oversees eight approved regulators, which in turn regulate individual lawyers. The approved regulators, designated under Part 1 of Schedule 4 of the 2007 Act, are the Law Society, the Bar Council, the Master of the Faculties, the Institute of Legal Executives, the Council for Licensed Conveyancers, the Chartered Institute of Patent Attorneys, the Institute of Trade Mark Attorneys and the Association of Costs Lawyers.