



Centre for
**Strategy & Evaluation
Services**

Impact evaluation of SRA's Regulatory Reform Programme

Impact Evaluation Framework

A report to the SRA

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Centre for Strategy & Evaluation Services LLP
Westering House
17 Coombe Road
Otford, Kent TN14 5RJ
United Kingdom
E: enquiries@cses.co.uk
T: +44 (0) 1959 525122

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1. Introduction

1.1 Purpose of the document

The years since the Legal Services Act 2007 (LSA) have seen considerable reform of the regulation of the market for legal services. In addition to the reforms it has already introduced, the Solicitors Regulation Authority (SRA) is proposing a programme of further reforms. Such reforms are intended to enable the achievement of the objectives of the LSA and ensure a well-functioning legal services market, which supports the rule of law and the proper administration of justice.

In order to inform the continued activity of the SRA, it is necessary to identify the impacts of reforms after their implementation. To do this, it is beneficial to use an impact assessment framework. Such a framework will allow the SRA to consider reforms in their context and in a systematic way, looking at the full range of effects for all stakeholders.

This report provides an overview of how an impact evaluation framework could be developed by the SRA to assist it in examining the effectiveness of its reforms.

1.2 Rationale for the framework

The overarching rationale for developing an impact evaluation framework is to enable the SRA to apply a standardised and systematic approach to, and methodology for, assessing the impacts of its reforms and initiatives. The framework will need to be sufficiently flexible to allow it to be applied to a range of regulatory reforms and other initiatives, and to systematically identify and assess impacts against a range of metrics and stakeholders. The framework should be capable of being applied prior to implementation to identify and measure possible impacts associated with proposed reforms, as well as after implementation to measure the actual impacts of a reform or initiative.

From a public policy point of view, the rationale for undertaking impact evaluations is both intuitive and compelling. Impact evaluations encourage policy-makers to:

- reconsider the reasons why a particular reform or initiative was introduced, having regard to the problem identified;
- consider whether the reform or initiative has addressed the problem;
- identify and measure the actual impacts of the chosen policy reform for different stakeholders and sectors; consider the efficiency of the reform (having regard to costs and benefits); and
- consider whether the reform needs to be adapted or, in some cases, withdrawn.

From an institutional perspective, there are also potential benefits to the SRA undertaking such evaluation exercises of its policy reforms. Among these:

- It can improve the transparency and legitimacy of the regulatory process through increasing stakeholder understanding of the rationale for SRA activities and the potential benefits associated with those activities.
- It can improve the effectiveness of such measures by ensuring the SRA understands the rationale for any regulation; has considered non-regulatory alternatives; and has identified and assessed the potential impacts of the reform on different stakeholders and sectors.
- It can provide a framework for the SRA to assess and monitor the ongoing effectiveness of a reform. In particular, it can assist the SRA to identify the metrics and other indicators, as well as the data/evidence needed, to measure outcomes on stakeholders/sectors. It can also show what

‘good’ outcomes may look like.

- It can ensure that any wider impacts of SRA reforms are considered in decision-making, for example, in relation to specific groups of stakeholders (e.g. vulnerable consumers) or on specific issues (e.g. diversity, access etc.).
- It can ensure that the SRA fully appreciates the potential impact of any reform on consumers and can communicate this to consumers. This is important because the focus of many SRA reforms is on supply side issues.
- It can assist the SRA to target its activities and policies on areas that are potentially most beneficial to consumers over the short, medium and long-term. Such a focus is seen in the initiatives of other regulators, such as end-user impact assessment exercises undertaken to improve the targeting and quality of decisions/policies.
- It can inform the resource decisions of the SRA, so that adequate resources are devoted to activities that are likely to have the biggest positive impacts.

There are a number of potential benefits to the adoption of an impact evaluation framework. However, an important consideration is how best to develop such a framework in any particular context, and critically how different aspects of the context impact on how such a framework is applied. We consider some of the most relevant of these contextual considerations below.

1.3 Reforms and initiatives covered by the framework

The impact evaluation framework can be applied to any regulatory reform or other initiative. In this document, we show how it can be used to evaluate the impact of the proposed Looking to the Future (LTF) reforms, as well as the associated initiatives to provide information to consumers.

1.3.1 Looking to the Future

On 1 June 2016, the SRA opened a public consultation on “Looking to the Future – flexibility and public protection”.¹ This was for a phased review of the SRA Handbook and the SRA’s regulatory approach: Principles, Code of Conduct and Practice Framework Rules. The consultation closed on 22 September 2016. The LTF programme proposes the following reforms:

1. Revision of the Handbook and the principles therein. This includes:

- Greater clarity between principles and standards;
- Revised principles, including upholding public confidence and encouraging equality, diversity and inclusion (EDI);
- New requirements, such as knowing the client or only acting on instructions;
- Removing duplication and reducing overall length by having shorter, more focussed codes;
- More clearly expressing the expected behaviours and standards of solicitors;
- Better digital access via the SRA website.

2. Separate codes of conduct for individual solicitors and for entities regulated by the SRA. According to the SRA, this will address the problem of the “one size fits all” approach which blurs

¹ <https://www.sra.org.uk/sra/consultations/code-conduct-consultation.page>

the line between individual and organisation responsibilities.² All practicing solicitors will be required to comply with the individual code, whether they work in an authorised or an unauthorised entity.

3. Authorisation of solicitors providing unreserved activities in unregulated entities. Solicitors working in such entities will need to hold a current practicing certificate and will be unable to provide reserved activities. There will be restrictions on individual solicitors holding client money within the entity. Consumers will have access to the Legal Ombudsman but access to the SRA compensation fund will be limited.

4. Accounts Rules review, which builds on two previous reforms (Phases One and Two). Phase Three of the review was subject to a consultation, which ran alongside the consultation on flexibility and public protection, both of which closed on 21 September 2016. This phase made proposals for broader change, namely:

- Simplifying the Accounts Rules by focusing on key principles and requirements for keeping client money safe;
- Changing the definition of client money to allow money paid for all fees and disbursements for which the solicitor is liable (for example counsel fees) to be treated as the firm's money;
- Providing an alternative to holding client money: through the introduction of clear and consistent safeguards around the use of third party managed accounts (TPMA) as a mechanism for managing payments and transactions.

1.3.2 Provision of information for consumers

In parallel to the LTF reform programme, the SRA provides support for consumers, including advice on finding and using a solicitor, the possibility to check a solicitor's record and the possibility to report problems with regulated entities and individuals. In partnership with six other regulators of legal services,³ the SRA also operates the Legal Choices website, which provides impartial information for consumers.⁴ A recent report by the Competition and Markets Authority (CMA) supported these activities and recommended that the regulators of legal services take further steps to improve the provision of information to consumers, so that they can make informed purchasing decisions and more easily report problems or make complaints.⁵

In response to the CMA report, the SRA is taking a number of steps to improve the provision of information for consumers. They include:

- Developing a minimum level of transparency for providers, through improving the quality, utility and prominence of disclosures on providers' websites in relation to price, service, redress and regulatory status. Also through promoting the use of quality signals by providers and issuing guidance for providers on engaging with online reviews.
- Considering the types of information that might be published in any future SRA register, namely, basic regulatory data, enforcement action data, complaint data, insurance claims data, quality information, specialism, price information and service delivery. This was the subject of a recent

² <https://www.sra.org.uk/sra/consultations/code-conduct-consultation.page>

³ Bar Standards Board (BSB), Chartered Institute of Legal Executives (CILEX), Council for Licensed Conveyancers (CLC), Costs Lawyer Standards Board (CLSB), Intellectual Property Regulation Board (IPReg), Master of the Faculties

⁴ <https://www.legalchoices.org.uk>

⁵ Competition and Markets Authority (2016), Legal Services Market Study.

open consultation.⁶

- Developing an online law firm database, “Law firm search”, which allows anyone wanting to use a law firm to check whether it is authorised by the SRA.⁷
- Developing the Legal Choices website to present a comprehensive market overview of different types of provider, including those not regulated by frontline regulators; provide information and practical guides on comparing and choosing a legal services provider; and provide guidance on what information consumers and small businesses should reasonably expect from legal services providers on engagement and during the course of ongoing cases.

⁶ <http://www.sra.org.uk/sra/consultations/discussion-papers/regulatory-data-consumer-choice-legal-services.page>

⁷ <http://www.sra.org.uk/consumers/using-solicitor/law-firm-search.page>

2. Impact Evaluation Framework

2.1 Purpose of the framework

This section provides a framework for evaluating the impacts of the Looking to the Future (LTF) reform programme and other initiatives that are being implemented by the SRA, notably the provision of information for consumers. The purpose of the framework is to:

- Help the SRA to reflect, in a structured and logical way, on the likely effects of the reforms and initiatives;
- Identify the indicators against which data will need to be collected from the outset; and
- Serve an evaluation of LTF to be carried out at a later date, e.g. 3-5 years after the reforms have been implemented.

As required, our approach draws on the principles and concepts set out in the Treasury's Green Book, whilst recognising that the framework should be customised to the specific context and nature of the SRA's reforms. In particular, the framework is intended to help with:

- The setting of objectives, outcomes and impacts within the framework;
- Identifying costs and benefits;
- Suggesting data sources;
- Considering cost-effectiveness and efficiency; and
- Drawing conclusions about the need for, and desirability of, future reforms.

In the sub-sections that follow, we set out the detailed elements of the framework, namely:

- Research questions for future evaluation of the reforms and initiatives;
- Relevance analysis, including identification of the "problem" to be addressed and the context in which the reforms were introduced;
- Effectiveness analysis, including, objectives, causal chain, intended effects and unintended consequences; and
- Efficiency analysis.

2.2 Research questions

We suggest that an evaluation would address a number of research questions grouped against the standard evaluation categories of relevance, effectiveness and efficiency. These should be customised as necessary.

Table 1 Proposed research questions

Research questions
Relevance
1. What were the problems and changes in the market that the reforms were intended to respond to, with respect to: <ul style="list-style-type: none"> • Supply of legal services? • Protection of consumers of legal services? • Regulation of legal services by the SRA?
2. What was the baseline situation with regard to those problems?
3. To what extent did the reforms complement and add value to other reforms introduced by the SRA?
4. To what extent, and in what ways, did the reforms complement other developments in legal services? How were they affected by such developments?
Effectiveness
5. What were the objectives and intended effects of the reforms? How were the reforms expected to bring about the intended effects?
6. How have providers responded to the reforms in terms of: <ul style="list-style-type: none"> • Entering the market? • Employing solicitors? • Adapting their compliance processes? • Adjusting their business models • Methods of providing services?
7. Has the SRA been able to effectively regulate and enforce? Are there gaps and risks?
8. What has been the level of compliance with the new regulatory requirements?
9. What has been the reach/use of various tools to provide information to consumers?
10. How have consumers responded to the reforms in terms of: <ul style="list-style-type: none"> • Choosing to use solicitors instead of non-solicitors? • Choosing to use unregulated entities instead of regulated entities? • Choosing to use services that they did not previously use?
11. What have been the direct/immediate effects of the reforms for: <ul style="list-style-type: none"> • Providers of legal services? • Consumers of legal services? • The SRA?
12. What have been the wider impacts of the reforms on legal services with respect to: <ul style="list-style-type: none"> • Competition? • Price? • Quality? • Innovation? • Accessibility? • Equality, diversity and inclusion?
13. Have the reforms enabled the SRA to regulate legal services more effectively?
14. To what extent have the overall objectives of reforms been achieved?
15. Have there been any unintended consequences?
16. To what extent will the effects endure over time?
Efficiency
17. To what extent have the reforms or initiatives been clearly communicated to

Research questions
<ul style="list-style-type: none"> • providers of legal services? • consumers of legal services?
18. Were providers and other stakeholders given appropriate information, advice and guidance about the reforms?
19. To what extent have the reforms or initiatives been implemented in an appropriate timescale?
20. Have the reforms or initiatives imposed an unreasonable burden on the SRA?
Future
21. What additional reforms or initiatives are necessary, possible and desirable?

2.3 Relevance analysis

Relevance analysis will consider the extent to which the LTF reforms and other initiatives were pertinent to i) needs and problems in the legal services market; and ii) the wider context.

2.3.1 Relevance to needs and problems

The first part of the relevance analysis is about verifying that the rationale for the reforms and initiatives was relevant to needs and problems. Evidence of the problem that the reforms or initiatives were intended to address will be available in existing documentation, including the SRA's analysis of responses to the public consultation. Additional research can show how the problem has evolved since the introduction of the reforms and initiatives.

The rationale for the LTF reforms is that the current regulatory framework adversely affects the supply of legal services, which may have adverse effects for consumers and for the market as a whole. Of the four reforms listed above (sub-section 1.3), the first two relate to the Handbook and its application to solicitors, whilst the second two relate to the removal of certain restrictions on providers of legal services. The reforms are complemented by the provision of information for consumers.

It will be useful to present the problems and needs in the form of a 'problem tree'. This can be in the form of a table, as shown below.

A first task of the evaluation will be to determine:

- The credibility of this problem identification, i.e. whether all the relevant problems are listed and whether the links from the situation at the outset to the effects on providers, the effects on services and the effects on the market are logical; this could be refined in discussion with the SRA;
- The extent to which these problems manifested themselves prior to the introduction of the reforms, based on data gathered from the outset. Data sources will vary for each problem, but could include market data, SRA data (e.g. on authorisations, complaints, etc.), surveys of firms and consumers, interviews with firms, stakeholders and consumers, focus groups and case studies.

Table 2 Draft problem identification (Looking to the Future and other initiatives)

Problems to be addressed by LTF and other initiatives				
Current situation (prior to the reforms and initiatives)				
Handbook is lengthy and prescriptive	Single code for individual solicitors and for regulated entities	Solicitors cannot provide unreserved activities in unregulated entities	Accounts Rules are prescriptive and restrictive, and focused on ensuring all firms handle money in the same way.	Consumers lack information about legal services and providers
Effects on providers				Effects on consumers
<ul style="list-style-type: none"> Lack of clarity and understanding Gaps in principles and requirements, e.g. know your client, only act on instructions Unreasonable time/cost burden to keep up to date and ensure compliance Lack of flexibility in approach to compliance Handbook is not very accessible 	<ul style="list-style-type: none"> Lack of clarity and understanding Blurred boundary between regulation of individuals and of entities Prevents individual solicitors providing unreserved activities in unregulated entities 	<ul style="list-style-type: none"> Unregulated entities only employ non-solicitors to provide unreserved activities Practicing solicitors can only work in regulated entities Potential providers (including those with in-house solicitors) are unable or unwilling to enter the market 	<ul style="list-style-type: none"> Difficult to understand Lack of flexibility in approach to compliance Unreasonable time/cost burden to comply 	<ul style="list-style-type: none"> Uninformed purchasing decisions Less likely to report a problem Less likely to complain
Effects on services				
<ul style="list-style-type: none"> Handbook and codes risk hindering improvements in professional standards “Inadvertent” failures to comply with requirements Higher costs of compliance for providers Inefficient business models in response to restrictions Innovation hindered 	<ul style="list-style-type: none"> Limited competition and choice (exit or non-entry of potential providers) Lower recruitment/use of solicitors Limited diversity in the profession Risk of non-practicing solicitors “trading” on the title Higher costs of compliance Innovation hindered 	<ul style="list-style-type: none"> Discourages new entrants “Inadvertent” failures to comply with requirements Technical breaches where there are no risks to client money Higher costs of compliance Innovation hindered 	<ul style="list-style-type: none"> Limited competition and consumer choice 	
Effects on the legal services market				
<ul style="list-style-type: none"> Administrative burden on the SRA <ul style="list-style-type: none"> Higher prices for consumers <ul style="list-style-type: none"> Unmet need remains Adverse EDI effects for consumers <ul style="list-style-type: none"> Lower quality of services Fewer consumers are covered by protections, e.g. Legal Ombudsman (i.e. use non-authorized providers instead of solicitors) 				

Once the list of problems has been identified, it is recommended that data is gathered both at the outset (regarding the situation before the introduction of the reforms and initiatives) and on an ongoing basis (in order to monitor the evolution of the problems once the reforms have been introduced). This will inform the analysis of effectiveness (see below).

2.3.2 Context identification

The LTF reforms and other initiatives will not be implemented in a vacuum. The problems that they address will be affected by numerous factors, whilst the achievement of desired effects (e.g. greater competition and choice, reduction in unmet need) is subject to numerous other influences. For that reason, it is necessary to describe the wider context for the reforms in order to: i) analyse whether the reforms and initiatives complemented and added value to the wider context; ii) determine the specific contribution that the reforms and initiatives made within that context.

Describing the context involves looking at three elements that have a bearing on the context and thus on the problems to be addressed by SRA reforms:

Wider packages/programmes of reforms and other actions of the SRA, including:

- Previous or parallel regulatory reforms, notably the licencing of ABSs and MDPs and the removal of the Separate Business Rule; and
- Other initiatives including SRA Innovate and support for small firms.

Activities of other players including:

- Government, notably the Ministry of Justice; for example, changes to legal aid;
- Other regulators of legal services; and
- Regulators of other professions.

Wider developments in the legal services market, including:

- Technological developments, such as those that might reduce the cost of legal services and/or make them more accessible to consumers;
- Emergence of new products and services that complement the provision of legal services, such as price comparison websites.

The relevance of the LTF reforms and other initiatives to the wider context will be evaluated against the criteria suggested in the table below. Analysis of these issues will rely on the expert judgement of the evaluator, albeit informed by a review of relevant documents and the opinions of stakeholders.

Table 3 Contextual issues to consider

Contextual issues
Other reforms and initiatives of the SRA
Extent to which: <ul style="list-style-type: none"> • The reforms and initiatives are facilitated by other SRA reforms • The reforms and initiatives complement other SRA reforms • Other SRA reforms are contributing progress to the achievement of the objectives and intended effects of the reforms and initiatives
Activities of other players
Extent to which:

Contextual issues
<ul style="list-style-type: none"> • External factors (including government policy and other regulatory regimes) influenced the identified problems • External factors have ameliorated or aggravated the identified problems since the reforms were introduced • Reforms are complementary or add value to objectives and overall approach of other regulators of legal services, e.g. Legal Services Board • Reforms are complementary or add value to objectives and overall approach of regulators of other professional services • Reforms reduce/widen gaps or duplication between different regulatory regimes • Reforms increase/reduce the diversity in requirements placed on providers by different regulatory regimes
Wider developments in the market
<p>Extent to which:</p> <ul style="list-style-type: none"> • Technological developments are contributing to the achievement of the intended effects • New products and services are contributing to the achievement of the intended effects

2.4 Effectiveness analysis

Since the reforms and initiatives are distinct, albeit complementary, it becomes necessary to analyse them separately and identify their specific effects – and how those effects came about. This can then be followed by an analysis of the overall impact of the reform package as a whole.

The next three sub-sections set out the frameworks for analysing the different reforms and initiatives:

- **Supply-side reforms:** separate codes, revision of principles and standards and reform of accounts rules
- **Authorisation reforms:** authorising solicitors to provide unreserved activities in unregulated entities
- **Information initiatives:** provision of information for consumers and for other stakeholders via open data

2.4.1 Supply-side reforms within LTF

These supply-side reforms mostly concern the “internal” operations of solicitor firms. Impact on “client-facing” activities may arise through lower compliance costs (and thus lower prices) improved conduct or innovation in service provision, although this will be relatively indirect.

The figure below provides a visual presentation of effects. The table that follows then presents indicators and data sources for the effects.

Figure 1 Intended impacts of supply-side reforms

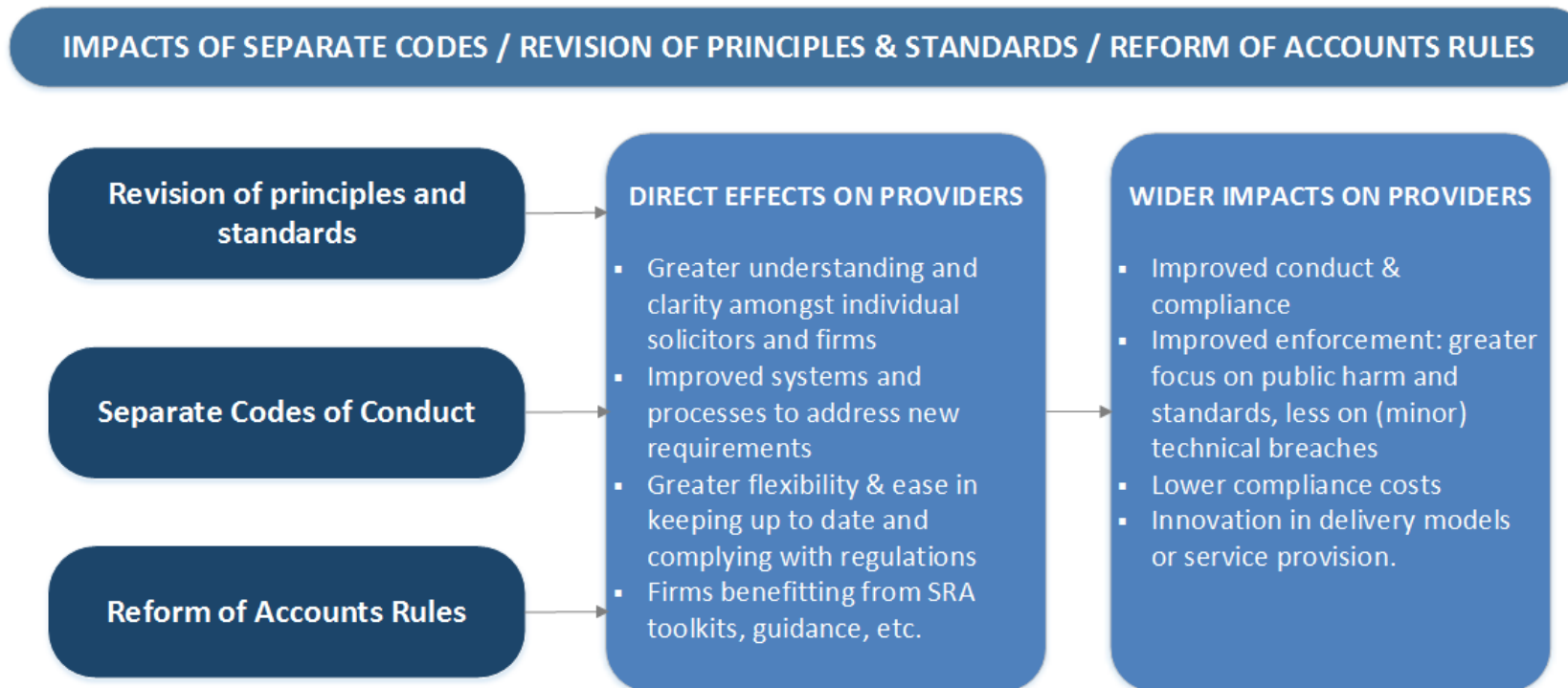


Table 4 Intended impacts of supply-side reforms

Impact of Separate Codes / Revision of Principles and Standards / Reform of Accounts Rules		
Direct effects on providers	Indicators	Data sources
<ul style="list-style-type: none"> Greater understanding and clarity amongst individual solicitors and firms Improved systems and processes to address new requirements Greater flexibility and ease in keeping up to date and complying with regulations Firms benefitting from SRA toolkits, guidance, etc. 	<ul style="list-style-type: none"> Firms/solicitors reporting improvements / benefits Differences between different types of firms 	<ul style="list-style-type: none"> Survey of firms / individual solicitors Firm interviews Stakeholder interviews Virtual Reference Group Focus groups Case examples
Wider impacts on providers		
<ul style="list-style-type: none"> Improved conduct and compliance 	<ul style="list-style-type: none"> Reductions in complaints, upheld outcomes and regulatory actions Firms/solicitors reporting improvements Differences between different types of firms 	<ul style="list-style-type: none"> SRA complaints data SRA conduct reports and investigations Survey of firms / individual solicitors Firm interviews
<ul style="list-style-type: none"> Improved enforcement: greater focus on public harm and standards, less on (minor) technical breaches 	<ul style="list-style-type: none"> Change in nature of enforcement actions Firms/solicitors reporting improvements Differences between different types of firms 	<ul style="list-style-type: none"> Survey of firms / individual solicitors Firm interviews
<ul style="list-style-type: none"> Lower compliance costs 	<ul style="list-style-type: none"> Firms reporting lower costs Differences between different types of firms 	<ul style="list-style-type: none"> Survey of firms / individual solicitors Firm interviews Case examples
<ul style="list-style-type: none"> Innovation in service provision 	<ul style="list-style-type: none"> Firms reporting innovations because of reforms Differences between different types of firms 	<ul style="list-style-type: none"> Firm interviews Case examples

2.4.2 Authorisation reforms within LTF

This reform directly affects client-facing activities, depending on the number of providers that make use of the new possibilities. It also depends on the choices of consumers, i.e. switching their (type of) provider or accessing services for the first time. This reform has the potential for considerable impact on providers and consumers.

The figure below provides a visual presentation of effects. The table that follows then presents indicators and data sources for the effects.

Figure 2 Intended impacts of authorisation reforms

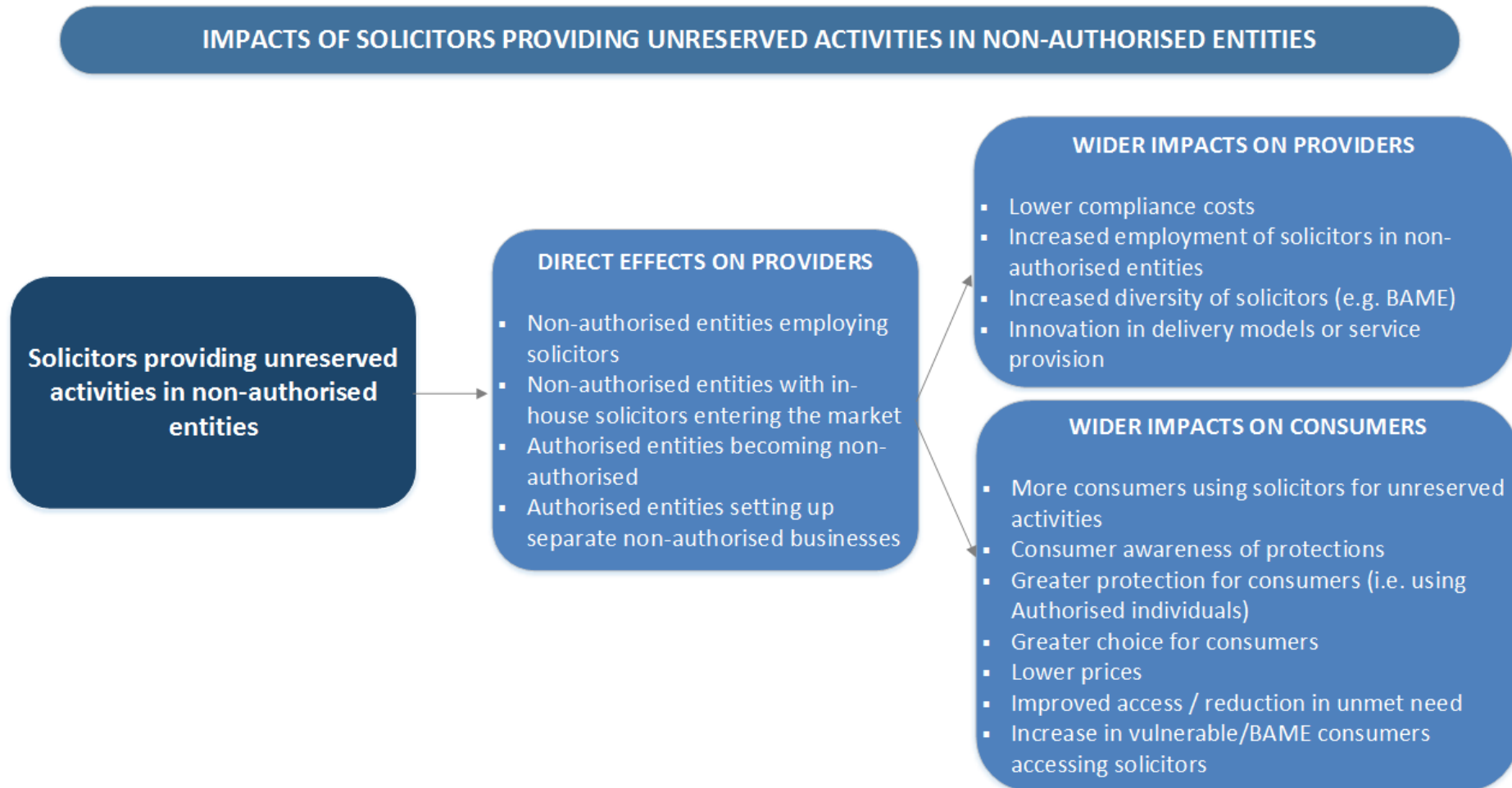


Table 5 Intended impacts of authorisation reforms

Impact of Authorisation of solicitors providing unreserved activities in unauthorised entities		
Direct effects on providers	Indicators	Data sources
<ul style="list-style-type: none"> • Non-authorised entities employing solicitors • Non-authorised entities with in-house solicitors entering the market • Authorised entities becoming non-authorised • Authorised entities setting up separate non-authorised businesses 	<ul style="list-style-type: none"> • Number of entities of each type providing unreserved activities 	<ul style="list-style-type: none"> • SRA data • Firm interviews • Case examples
Wider impacts on providers		
<ul style="list-style-type: none"> • Lower compliance costs 	<ul style="list-style-type: none"> • Firms reporting lower costs • Differences between different types of firms 	<ul style="list-style-type: none"> • Survey of firms • Firm interviews
<ul style="list-style-type: none"> • Increased employment of solicitors 	<ul style="list-style-type: none"> • Number of solicitors employed in entities of each type 	<ul style="list-style-type: none"> • SRA data
<ul style="list-style-type: none"> • Increased diversity of solicitors (e.g. BAME) 	<ul style="list-style-type: none"> • Number of BAME solicitors employed in entities of each type 	<ul style="list-style-type: none"> • SRA data • Survey of firms • Firm interviews
<ul style="list-style-type: none"> • Innovation in delivery models or service provision 	<ul style="list-style-type: none"> • Firms reporting innovations because of the reforms • Consumers reporting innovations because of the reforms • Differences between different types of firms 	<ul style="list-style-type: none"> • Survey of firms • Firm interviews • Case examples
<ul style="list-style-type: none"> • Greater competition between authorised and non-authorised entities 	<ul style="list-style-type: none"> • Number of authorised entities • Number of non-authorised entities • Geographic spread/concentration of authorised and non-authorised entities 	<ul style="list-style-type: none"> • SRA data • Survey of firms • Firm interviews
Wider impacts on consumers		
<ul style="list-style-type: none"> • More consumers using solicitors for unreserved activities 	<ul style="list-style-type: none"> • Volume of services provided by solicitors for different types of provider • Number of active clients on books (for different types of provider) 	<ul style="list-style-type: none"> • Survey of firms • Firm interviews • Consumer surveys • Consumer focus groups

Impact of Authorisation of solicitors providing unreserved activities in unauthorised entities		
<ul style="list-style-type: none"> Consumer awareness of protections 	<ul style="list-style-type: none"> Proportion of clients of unauthorised entities reporting awareness of status of the individual serving them (i.e. solicitor/non-solicitor) Proportion of consumers reporting awareness of protections relating to use of solicitors/non-solicitors 	<ul style="list-style-type: none"> Consumer surveys Consumer focus groups
<ul style="list-style-type: none"> Greater protection for consumers (i.e. using authorised individuals) 	<ul style="list-style-type: none"> Volume of consumers using solicitors for unreserved activities Internal complaints about solicitors in unauthorised entities Complaints to the Ombudsman about solicitors in unauthorised entities Applications to Compensation Fund about solicitors in unauthorised entities Insurance claims about solicitors in unauthorised entities 	<ul style="list-style-type: none"> SRA data Survey of firms Firm interviews
<ul style="list-style-type: none"> Greater choice for consumers 	<ul style="list-style-type: none"> Number of providers Diversity of provider types Geographic spread/concentration of providers 	
<ul style="list-style-type: none"> Lower prices 	<ul style="list-style-type: none"> Average fixed fees for standardised services Average number of hours billed and average rate Average price for consumer Average price for certain contracts or agreements Highest/lowest price or fixed fee for services 	<ul style="list-style-type: none"> Comparison sites Desk research Survey of firms Firm interviews
<ul style="list-style-type: none"> Improved access / reduction in unmet need 	<ul style="list-style-type: none"> Volume of services provided for different types of provider Number of active clients on books (for different types of provider) 	<ul style="list-style-type: none"> Survey of firms Firm interviews
<ul style="list-style-type: none"> Increase in vulnerable/BAME consumers accessing solicitors 	<ul style="list-style-type: none"> Volume of services provided for vulnerable/BAME consumers Number of active vulnerable/BAME clients on books (of different types of provider) 	<ul style="list-style-type: none"> Survey of firms Firm interviews

2.4.3 Information initiatives

The SRA is improving the provision of information to consumers, so that they can make informed purchasing decisions and more easily report problems or make complaints. It is also making “open data” available to stakeholders, who can be expected to use such data to improve consumers’ awareness.

The effects will mostly arise for consumers. Aside from having to comply with standards on information/transparency requirements, providers will be indirectly affected, for example, by having to be more responsive to better-informed consumers.

The figure below provides a visual presentation of effects. The table that follows then presents indicators and data sources for the effects.

Figure 3 Intended impacts of information initiatives

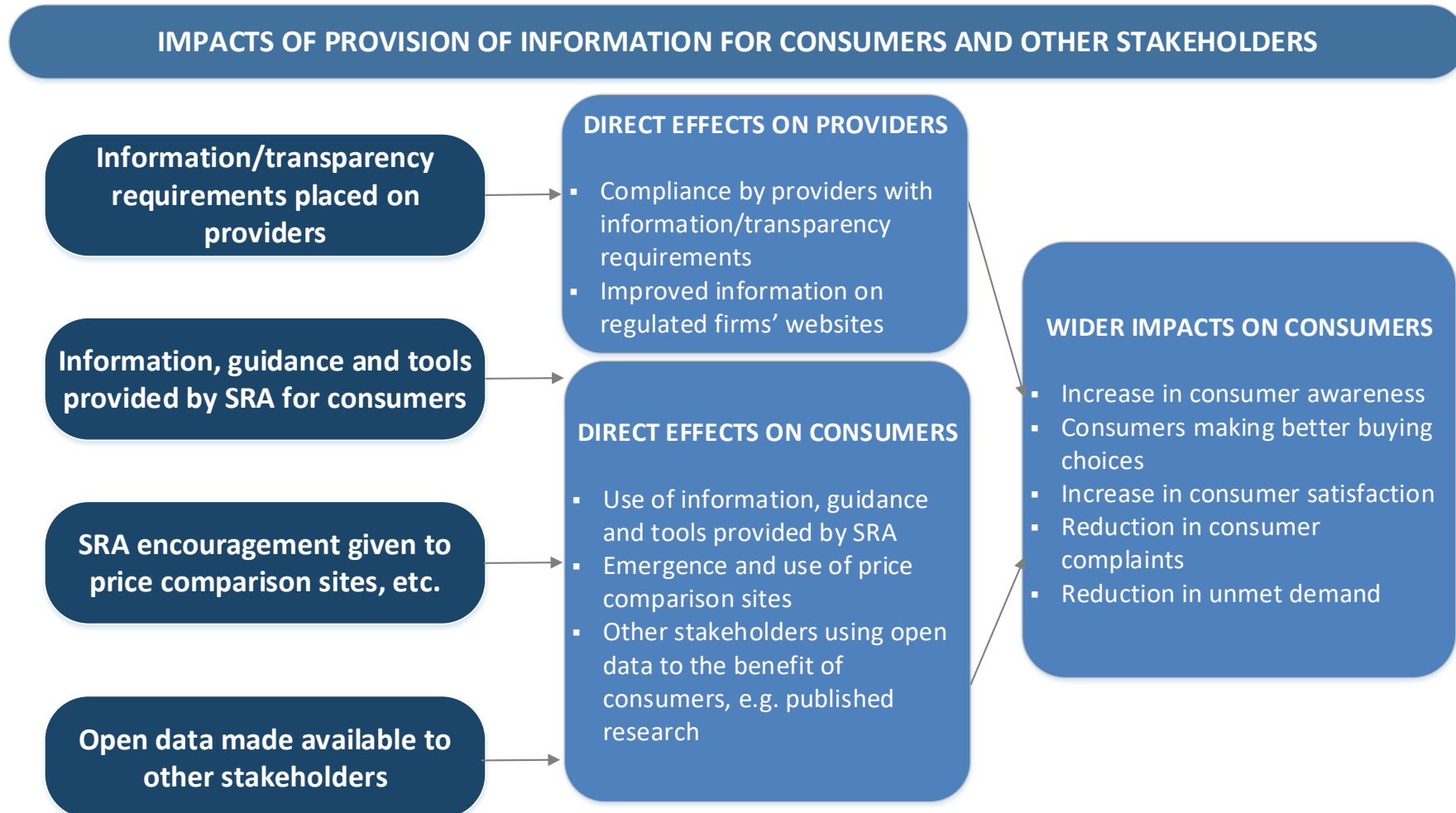


Table 6 Intended impacts of information initiatives

Impact of provision of information for consumers and open data		
Direct effects on providers	Indicators	Data sources
<ul style="list-style-type: none"> Compliance with information/transparency requirements 	<ul style="list-style-type: none"> Number/proportion of providers complying 	<ul style="list-style-type: none"> SRA data Firm survey Firm interviews Internet reviews
<ul style="list-style-type: none"> Improved information on regulated firms' websites 	<ul style="list-style-type: none"> Providers going beyond minimum requirements 	<ul style="list-style-type: none"> Internet reviews
Direct effects on consumers		
<ul style="list-style-type: none"> Use of information, guidance and tools provided by SRA for consumers (e.g. register of firms, Legal Choices website, consumer guides) 	<ul style="list-style-type: none"> Website hits / visitors Attendance at events Materials distributed 	<ul style="list-style-type: none"> SRA data Consumer surveys Consumer focus groups
<ul style="list-style-type: none"> Emergence and use of price comparison sites 	<ul style="list-style-type: none"> Number of sites Usage of sites Usefulness of sites 	<ul style="list-style-type: none"> Internet review Interviews with site providers Consumer surveys Consumer focus groups
<ul style="list-style-type: none"> Stakeholders using open data to the benefit of consumers, e.g. published research 	<ul style="list-style-type: none"> Instances of stakeholders using data 	<ul style="list-style-type: none"> Internet searches Interviews with stakeholders
Wider impacts on consumers		
<ul style="list-style-type: none"> Increase in consumer awareness Consumers making better buying choices Increase in consumer satisfaction 	<ul style="list-style-type: none"> Number and proportion of consumers reporting improvements 	<ul style="list-style-type: none"> Consumer surveys Consumer focus groups
<ul style="list-style-type: none"> Reduction in consumer complaints 	<ul style="list-style-type: none"> Reductions in complaints, upheld outcomes and regulatory actions Firms/solicitors reporting improvements 	<ul style="list-style-type: none"> SRA complaints data SRA conduct reports and investigations Survey of firms / individual solicitors Firm interviews
<ul style="list-style-type: none"> Reduction in unmet demand 	<ul style="list-style-type: none"> Reduction in consumers with legal needs not accessing services 	<ul style="list-style-type: none"> Review of published research Consumer surveys

2.4.4 Risks of unintended consequences

Any reform brings with it the risk of unintended consequences that may worsen the problems identified or have other harmful effects. As far as possible, the risks of unintended consequences should be identified at the outset, for example, through the SRA's analysis of the responses to the public consultation.

The most likely unintended consequences can be known at this stage. The table below lists them, as well as the data sources from which evidence will be gathered. However, when undertaking the evaluation, the evaluator should be open to identifying any other unintended consequences, including through interviews with firms and other stakeholders.

Two points should be emphasised here. First, the unintended consequences might or might not arise in practice. Second, it is possible that both the intended effects and the unintended consequences arise in practice. For example, the Revision of the Handbook and of the principles might increase clarity and understanding for some solicitors but reduce it for others – leading to reduced compliance costs for the former and higher costs for the latter. The task for the evaluator will be to identify the relative strength of each effect.

Table 7 Risks of unintended consequences

Reform	For consumers	For providers	For the SRA
Revision of the Handbook and the principles	<ul style="list-style-type: none"> Poorer service provided due to lack of understanding Higher prices due to greater cost/time related to compliance 	<ul style="list-style-type: none"> Less clarity and understanding Greater cost/time related to compliance 	<ul style="list-style-type: none"> Increase in number of requests for clarification from individual solicitors and authorised entities Increase in number of complaints from consumers due to poor service
Separate codes for individual solicitors and for regulated entities	<ul style="list-style-type: none"> Poorer service provided due to lack of understanding Higher prices due to greater cost/time related to compliance 	<ul style="list-style-type: none"> Individual solicitors do not keep up to date or spend sufficient time on compliance Individual solicitors spend longer on compliance activities (which would otherwise have been done by the COLP) Solicitors come under pressure not to comply due to commercial considerations 	<ul style="list-style-type: none"> Increased resources required to regulate individual solicitors working in unregulated entities Increase in number of complaints from consumers due to poor service
Authorisation of solicitors providing unreserved activities in unregulated entities	<ul style="list-style-type: none"> Confusion over protections Lower level of protection Insufficient protection, e.g. PII Poorer complaints handling 	<ul style="list-style-type: none"> Regulated entities hive off unreserved activities without client knowledge 	<ul style="list-style-type: none"> Reduced fee income weakens ability to provide regulatory oversight Reduced Compensation Fund Increased resources required to regulate solicitors working in unregulated entities Increase in number of complaints from consumers due to low or insufficient protection
Provision of information for consumers	<ul style="list-style-type: none"> Solicitors websites and/or comparison sites present misleading information 	<ul style="list-style-type: none"> Cost of information/transparency requirements 	<ul style="list-style-type: none"> Resources required to monitor compliance
Data sources	<ul style="list-style-type: none"> Surveys of consumers Focus groups SRA data on complaints Interviews with firms and other stakeholders 	<ul style="list-style-type: none"> Interviews with firms Focus groups of firms Interview of other stakeholders Case examples 	<ul style="list-style-type: none"> SRA data on fee income, complaints made/upheld, investigations and regulator actions taken Interviews with SRA

2.5 Efficiency analysis

Efficiency concerns the extent to which the reforms have been implemented and enforced at reasonable cost to providers and to the SRA. In this context, “cost” is used in its broadest sense to cover time and effort expended, as well as any financial outlay. The purpose of the efficiency analysis is to demonstrate the responsiveness of the SRA to stakeholders and also, more importantly, to identify success factors and lessons learned to promote continuous improvement.

It is proposed that the efficiency analysis considers five elements of the implementation of the reforms:

- **Consultation and communication with providers and stakeholders:** this concerns the extent to which providers of legal services and other stakeholders (including representatives of consumers) were made aware of the proposed LTF reforms in sufficient clarity and detail and sufficiently early and given sufficient opportunity to offer their views;
- **Provision of information, advice and guidance:** this concerns the extent to which providers were given the support necessary to comply with the new regulatory regime and/or exploit the opportunities arising. It would cover all ways in which information, advice and guidance is provided, e.g. on-line, direct e-mail/mailshots, conferences and other events, telephone helpline, etc.
- **Provision of information for consumers:** this concerns the extent to which consumers were made aware of the reforms and how they would be affected. The expectation here is not that the SRA would have communicated with every potential consumer but that suitable “intermediaries”, such as media and representatives of consumers, were made aware of the reforms in a way that allowed them to relay information to consumers.
- **Timeliness of implementation:** part of the analysis would look at the time taken to enact the different reforms. Clearly, a timely implementation of the reforms has the potential to increase effectiveness, provided that sufficient time is allowed for providers and others to respond.
- **“Cost” to the SRA:** the evaluation might identify factors that increased or reduced the time, effort and financial cost expended by the SRA in implementing the reforms. The purpose of this part of the analysis would not be to calculate the costs of implementation but to identify key success factors and lessons for the future.

Table 8 Elements of efficiency analysis

Effect	Indicator	Data source
Consultation and communication	<ul style="list-style-type: none"> • % firms reporting satisfaction • Number of responses to the consultation • Website hits • Expert/stakeholder judgement 	<ul style="list-style-type: none"> • Survey of firms • Firm interviews / focus groups • SRA • Interviews with expert/stakeholders
Provision of information, advice and guidance	<ul style="list-style-type: none"> • % firms reporting satisfaction • Website hits / downloads • Attendance at events • % event participants reporting satisfaction • Expert/stakeholder judgement 	<ul style="list-style-type: none"> • Survey of firms • Interviews with firms / stakeholders • SRA data • Expert/stakeholder interviews
Provision of information for consumers	<ul style="list-style-type: none"> • % firms reporting a positive opinion • Extent and prominence of media coverage • Level of consumer awareness / satisfaction • Expert/stakeholder judgement 	<ul style="list-style-type: none"> • Survey of firms • Consumer interviews / focus groups • Interviews with media, consumer representatives and other intermediaries • Expert/stakeholder interviews
Timeliness of implementation	<ul style="list-style-type: none"> • % firms reporting satisfaction • Number of weeks/months at each stage • Expert/stakeholder judgement 	<ul style="list-style-type: none"> • Survey of firms • SRA data • Expert/stakeholder interviews
“Cost” to the SRA	<ul style="list-style-type: none"> • Success factors identified • Weaknesses / learning points identified 	<ul style="list-style-type: none"> • SRA interviews

3. Application of the framework

The impact evaluation framework presented in Section 2 has the potential to serve both:

- a medium-term evaluation (e.g. 2-3 years after the introduction of the reforms); and
- a long-term evaluation (e.g. after 5 years).

In the short-term, it is recommended that the framework be used to inform the ongoing collection of data regarding the implementation and effects of the reforms and initiatives. For example, as and when the SRA undertakes any surveys of firms or individual solicitors, such surveys can be used to gather information on the numbers of solicitors operating in non-authorised entities, the characteristics of those individuals and the types of entities in which they are employed, etc.

By collecting information in this way, the SRA will be able to monitor the implementation of the reforms and initiatives on an ongoing basis and take corrective action, if necessary. As and when an evaluation is undertaken, much of the longitudinal data will already be available.

In addition, the overall approach of the framework could be customised and used in the evaluation of other reforms and initiatives. This would serve to increase the consistency and comparability of different evaluations undertaken by the SRA, thus facilitating the assessment of the overall effectiveness of performance of the SRA.