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This issue

The liberalisation of the legal services industry gathers pace as new areas of business, professional bodies and even local councils rapidly move into the legal services space. The ICAEW becomes a regulator of ABSs, Buckinghamshire Law Plus Limited becomes the first local authority ABS; Luxembourg based global wealth consultancy purchases a stake in ABS legal services firm Y and G Legal; and Irwin Mitchell links up with esure.

The global spread of legal services deregulation also looks set to continue as the Canadian Bar Association (CBA) calls for the introduction of ABSs to allow non-lawyers to manage legal businesses and buy shares in them.

A recent move by the SRA to share data on solicitors with comparison websites will pave the way for legal comparison sites by 2015.

As the transformation of the legal services industry takes place winners and losers are coming to the fore. Just as high-profile ABS Quindell reports a doubling in its revenue from the same time last year, the new managing director of Co-operative Legal Services, Matt Howells, admits the Co-op's legal arm is in trouble because it grew too fast.

ICAEW becomes ABS and probate regulator

Parliament has given the go ahead for the Institute of Chartered Accountants in England and Wales (ICAEW) to become a regulator of alternative business structures (ABSs) and probate services. Vernon Soare, the ICAEW executive director said: "Consumers looking for probate services will now be able to use appropriately qualified ICAEW Chartered Accountants and ICAEW-licensed ABSs as an alternative to traditional providers."

Accountants will have to complete a two-day course to qualify to offer probate law services. 250 firms have expressed interest in accreditation already.

Information source: Legal Futures, 15 August 2014 & Accountancy Age, 15 August 2014

ABSs set up by local authorities gather pace

Buckinghamshire Law Plus Limited is the first alternative business structure licence to be granted by The Solicitors Regulation Authority to a local authority. It will now be able to carry out services in areas such as probate and litigation. The licence is effective from 24 November. HB Public Law (a shared venture between the London boroughs of Harrow and Barnet) also has ABS status and the London Borough of Lambeth is considering seeking ABS status. Other councils that are looking to apply include Cambridgeshire and Northamptonshire county councils. Executive director for policy at the Solicitors Regulation Authority, Crispin Passmore, said: "The concept of ABSs was introduced to liberalise the market and encourage innovation in the way that legal services are delivered. The creation of a public sector ABS is a great example of this

innovation coming to the fore. It allows councils and other public service providers to pursue the shared-services agenda and realise savings and efficiencies that are passed on to council taxpayers.”

Information source: Law Gazette, 8 August 2014 & Legal Futures, 19 August 2014

Dawn of legal comparison sites

The Solicitors Regulation Authority will share data on solicitors with comparison websites in response to a call from the Legal Services Consumer Panel for more information on practitioners. This should mean solicitor data will be searchable on comparison sites by the end of 2015.

Panel chair Elisabeth Davies said: “Not every regulator is fully on board yet, but this progress is really positive and there’s scope to build on it in the future, with talk of publishing all the information in one place, for example on the Legal Choices website ... The quest for open data has been at the heart of the panel’s policies since 2011. Transparency is absolutely essential for consumers if they’re going to be able to make informed choices, protect themselves from harm and have confidence in the regulators.”

Information source: Law Gazette, 20 August 2014

Legal portfolio doubles turnover for Quindell

Legal portfolio generates £180m half year turnover for high-profile ABS Quindell according to the firm’s London Stock Exchange interim statement. Legal income accounts for over half its total revenue. Its half-year global revenue is now £357 million, a 119% rise on what the company reported this time last year.

Information source: The Lawyer, 22 August 2014

Co-op grew too quickly

Matt Howells, managing director of Co-operative Legal Services has said of its £5 million loss in the first half of this year: “We grew very quickly and those costs had nowhere to go when the revenue was not coming in. The problem was the pace we executed our strategy. We grew far too quickly. There is always a balance between how much noise you make and the attention you want to draw. What you can now expect is a business that is very clear on what it’s trying to achieve. We have started to look at what is the right size and shape of the organisation.”

Howells, former managing director of Barclays said family, probate and wills divisions had brought in revenue in line with expectations but personal injury had suffered as a result of reforms to the industry. Howells insisted CLS will bounce back. “The reason we’re here is to offer customers an alternative solution ... we’ve tried exceptionally hard to give customers transparent, fixed-fee pricing.

There is always going to be a need for the high-street [firm] and customers who want that. The key thing is to be an alternative. We need to be more realistic."

Commentators say the downfall of the CLS is proof that the legal business "is tougher" than new entrants realise.

Information source: Law Gazette, 8 September 2014 & 5 September 2014

Oracle Capital Group goes for ABS

Oracle Capital Group, a Luxembourg based global wealth consultancy is purchasing a stake in ABS legal services firm Y and G Legal. The move is said to be so the consultancy can provide "legal advisory services to support its international client base, many of whom are entrepreneurs and business owners conducting transactions in, or relocating to, the UK".

The division head, Yuliya Andresyuk said it would focus on four key areas: intellectual property protection; corporate and M&A; debt financing; and corporate immigration. She said: "This move allows us to tap in to Y and G Legal's pool of clients and the sale of shares will give us a financial injection." Martin Graham, chairman of Oracle Capital Group, said: "It has been our strong belief ever since founding Oracle Capital that the successful modern family office will provide much more than pure investment advice ... we are thrilled to further expand our offering by adding legal advisory services, which will be highly in demand from our international client base who require expert guidance when navigating the UK judicial system."

Information source: Legal Futures, 27 August 2014 & Law Gazette, 27 August 2014

Irwin Mitchell links up with esure

Top 20 law firm Irwin Mitchell is partnering with FTSE250-listed esure to form new ABS venture, IMe Law Limited. The law firm will represent esure customers who through no fault of their own have been injured in motor accidents. Chief Operating Officer at esure, Gordon Hannah, said: "We are committed to the effective and speedy recovery of uninsured losses for injured customers. With the creation of IMe Law we are building on our long-standing relationship with Irwin Mitchell and will continue to deliver – and indeed enhance – our service to esure customers who require legal representation."

Information source: Legal Week, 4 August 2014

ABSs spread across Atlantic

The Canadian Bar Association (CBA) has called for the introduction of ABSs to allow non-lawyers to manage ABSs and buy shares in them. A CBA report, *Transforming the Delivery of Legal Services in Canada*, said "there is evidence that market liberalization and outside investment in England and Wales and Australia are improving the availability of legal services and lowering costs ... There is a need to move beyond traditional models to new, more flexible working arrangements, as well as to new business processes that will allow the profession to be more responsive to the diverse groups of clients it serves".

Jordan Furlong, Canadian commentator said the report "has the potential to help usher in a new era in legal services on this side of the Atlantic, and to utterly remake the Canadian legal market in any event".

Information source: Legal Futures, 15 August 2014

Professor heralds end of Legal Services Act

Professor Stephen Mayson told the Westminster Legal Policy Forum in London last week: "I do not have confidence that the Legal Services Act 2007 will see us through to a sustainable future – one which properly enables providers of legal services to innovate and serve both the public and the consumer interest, and which properly and appropriately protects clients and consumers of all legal services." He believes it is simply not fit for purpose, arguing the current regulatory framework harks back to the Victorian model of master and apprentice which has little relevance in today's sophisticated and globalised business environment.

He said the "flaws and limitations" of the Legal Services Act are "all too apparent" saying it is heading for "the regulatory equivalent of the knacker's yard".

Information source: Legal Futures, 9 September 2014

Top city lawyer joins PwC as it gears up its legal services

McDermott Will & Emery City-based corporate partner Mark Crofskey has been brought on board by PwC Legal to boost its M&A team. This hire follows hot on the heels of Field Fisher Waterhouse technology partner Stewart Room joining in September to lead PwC's cross-service offering on cyber and data security. Shirley Brookes, PwC Legal's UK senior partner has said the firm intends to gear up its legal services offering after becoming the first of the Big Four to secure alternative business structure (ABS) status, following consolidation with the 2,000 lawyer strong, PwC Legal.

Information source: Legal Business, 9 September 2014

Parabis "in the vanguard of change for the profession"

In an interview with Legal Week, high profile ABS and mixed-professional-services provider the Parabis Group asserts it wants to be "in the vanguard of change for the profession". The Group has taken significant advances towards this growing via merger and acquisition and using the private-equity backed ABS of its law firm, Parabis Law LLP, to create innovative new legal services joint ventures. Commercial Director Tim Roberts said commented: "There has been more change in legal services in the past year alone than over the past 10 years... Expectations on and opportunities for law firms will evolve as a consequence."

Information Source: Legal Week, 9 September

BSB prepares for "entity regulation" January 2015

The Bar Standards Board plans to become a regulator of alternative business structures "in due course". In the meantime, its plans to introduce "entity regulation" are scheduled to kick in from January 2015 (ie the regulation of groups of barristers as businesses, or single-barrister-companies as well as other new structures) and it launched a consultation on its proposed fee structure early September. However the regulator predicts a slow take-up: 400 single person entities by the end of the third year, it guesses, only a dozen with more than one barrister and only two with more than 15.

The new entities that are formed post-January will not preclude barristers from remaining members of their current sets.

Information Source: Legal Futures, 15 September

Are accountants muscling in on law firm markets?

Many say ABSs have paved the way for the Big 4 accountants to muscle in on classic law firm territory, with PwC, Grant Thornton and EY all taking advantage of the novel structure to do legal business. But Legal Week asks if they are as much of a threat as portrayed. History is repeating itself, it claims, referring to Arthur Anderson's foray into legal services under the Garretts umbrella, then part of the global Anderson Legal brand. At that time, (1990s and early noughties) KPMG had KLegal; PwC had Landwell; EY had Tite & Lewis. And many remember how that story ended: the Enron scandal led to the famed Sarbanes-Oxley legislation requiring the separation of auditing and advisory businesses, followed by the wholesale uncoupling of law and accountancy firm tie-ups.

But as the accounting giants staff up their new legal arms today, Legal Week asks will it be any different this time around? Peter James, head of regulatory policy at the ICAEW is quote saying the advent of ABSs is a game changer so this time round the accountants may well have more staying power in the legal services market. Although experts say they will need to tread carefully, particularly when taking on litigation.

Information Source: Legal Week, 25 September