

Looking to the Future reform

This summary explains the different elements of our Looking to the Future programme, including the four public consultations we ran, and the key changes we have decided to make.

What is our Looking to the Future programme?

We need to make sure we are keeping pace with a fast-changing legal services market. In 2014 we started our Looking to the Future reform programme, which is designed to make sure we are meeting the needs of the public in whose interest we work by regulating solicitors and law firms in the right way.

We want to make:

- our rules focus on what matters – high professional standards
- it easier for the public to access legal services
- it easier for solicitors and firms to do business.

Why we are making changes

Too many people and small businesses struggle to access legal services, with only one in ten people using a solicitor or barrister when they have a legal problem.

A key reason for this is the lack of information about legal services makes it hard for people to make informed decisions and weakens competition within the marketplace.

Our Handbook - which sets the standards we expect solicitors and firms to meet and the rules they should follow - is more than 400 pages long. It is complex and costly to keep up to date and to apply.

Pages and pages of rules hinder rather than help compliance. It drives firms' costs up - costs which are passed on to the users of legal services - rather than promoting good practice and consumer protection.

Our proposals

We split our proposed changes across four major consultations.

Phase one: Handbook reforms

[<https://www.sra.org.uk/sra/consultations/consultation-listing/code-conduct-consultation/#download>]



- Shorter, clearer Principles and Codes focused on high standards.
- Removing a ban on solicitors working in businesses that are not regulated law firms.

Phase two: Handbook reforms

[<https://www.sra.org.uk/sra/consultations/consultation-listing/ltf-phase-two-handbook-reform/>]

- Making our other rules simpler and more focused on what matters.
- Changes to rules on how we approve firms and who can run them.
- An updated enforcement approach.

Accounts Rules [<https://www.sra.org.uk/sra/consultations/consultation-listing/accounts-rules-review/#download>]

- Shorter, simpler rules focused on keeping client money safe.
- Option to hold client money in third party managed accounts.

Better information, more choice

[<https://www.sra.org.uk/sra/consultations/consultation-listing/ltf-better-information-consultation/>]

- Making firms publish information on prices and what this covers for seven types of legal service.
- Develop an SRA clickable logo and digital register to help the public understand who we regulate and the protections that come with it.
- Publish information about complaints.

Responding to feedback

We engaged with more than 35,000 people and received more than 400 detailed responses to our consultations.

We gathered the views of the public, consumer groups, solicitors, law firms, and representative groups.

Both the public and profession were generally supportive of our plans to create simpler and clearer rules, that will reduce bureaucracy while improving public access to legal services. However, views varied on details of some of the proposals and their practical implications.

We listened and responded by changing our approach in a range of areas, including:

- not going ahead with plans to publish first-tier complaints data about firms, recognising the challenges around providing appropriate context
- providing further clarification regarding separate Principles and Codes of Conduct for law firms and solicitors
- amending our plans around definition of client money, so that the vast majority of firms could continue as they are and avoid potential cost implications
- making sure we still had a rule in place so that a solicitor running a firm - or going freelance - has at least three years' experience
- further strengthening protections and regulatory requirements for solicitors working outside regulated law firms or on a freelance basis.

Overall reforms – what will change?

We have now finalised our Looking to the Future reforms. We are bringing in a range of changes to how we regulate which include:

Shorter, simpler rules and standards

- A shorter, more accessible Handbook - focussing on the behaviours and principles that support high professional standards.
- A separate Code of conduct for solicitors and one for firms.

Greater flexibility for solicitors and firms

- Opportunities for solicitors to provide 'reserved legal activities'¹ [#note1] on a freelance basis, in certain circumstances. They will need to have at least three years' experience, appropriate indemnity insurance, and will not be able to hold client money.
- Opportunities for solicitors to do non-reserved legal work in a business not regulated by us or another legal services regulator. They will be bound by our solicitors' Code.
- In both instances, solicitors will need to be clear with prospective clients about the protections they bring.
- Our new, simpler rules will also give firms greater flexibility to make decisions about how they work, helping to make doing business easier.

Simpler Accounts Rules more focused on keeping client money safe

- Less prescriptive Accounts Rules which focus less on technicalities, and more on issues directly linked to keeping client money safe.
- Providing a definition of 'client money' which maximises the need to protect the public while not placing unnecessary burdens on firms.

Improving clarity on when we take action

- Our new enforcement strategy will provide greater clarity for the public and profession about when and how we would - or would not - take action against a solicitor or law firm.
- It will also help us focus on the most serious matters.

Better information on price

- All regulated firms will need to publish price information for the public and small businesses for seven types of legal services.
- This includes conveyancing, employment tribunals and probate.

Better information about protections

- SRA-regulated firms will be expected to display an SRA clickable logo on their websites, which will provide a direct link to information on the protections their regulated status gives customers.
- A modern digital register that will help people more easily find core information about who we regulate.

For full details of all the changes, please visit the relevant consultations:

- Handbook Reforms: Phase One [<https://www.sra.org.uk/sra/consultations/consultation-listing/code-conduct-consultation/>]
- Handbook Reforms: Phase Two [<https://www.sra.org.uk/sra/consultations/consultation-listing/litf-phase-two-handbook-reform/>]
- Accounts Rules [<https://www.sra.org.uk/sra/consultations/consultation-listing/accounts-rules-review/>]
- Better information, more choice [<https://www.sra.org.uk/sra/consultations/consultation-listing/litf-better-information-consultation/>]

Next Steps

Our proposed Looking to the Future changes are being submitted to the Legal Services Board (LSB) for approval this summer.

We will not be able to confirm exact timing for implementation until the LSB decision. Yet we recognise that solicitors and firms will need time to prepare for these new rules.

In our CMA action plan, we committed to bringing transparency requirements into force by the end of 2018. Subject to LSB approval, we therefore expect to introduce our requirements regarding firms publishing

prices, service information and details of how to make a complaint, from December 2018.

The rest of the reforms are expected to be implemented during 2019.

We will work closely with the profession to help them understand the small number of changes which may require solicitors and firms to do things differently, as well as highlighting opportunities for them to work in different ways.

Infographic: Looking to the Future reforms

Footnotes

1. There are six specific 'reserved legal activities', such as completing a house sale or carrying out litigation, that can only be provided by those who are approved to do so. At the moment, these activities can only be carried out by a regulated individual, such as a solicitor or barrister, working in a law firm approved by a legal regulator. 'Non-reserved activities' include family, employment or personal injury work, as well as legal advice.