

# SRA Innovate

We are committed to helping current providers of legal services develop their businesses in new ways and to supporting new types of organisations who are thinking of delivering legal services for the first time.

We want to help firms to innovate, to work smarter and to offer clients affordable legal services.

If you have been thinking of a new way to serve your clients and run your organisation or have an idea but are not sure whether regulation could stop it getting off the ground, these pages are here to show how we can support you.

SRA Innovate is open to existing firms and new entrants, alternative business structures (ABS) and traditional law firms.

## *Legal Access Challenge*

The SRA is working with Nesta, the innovation foundation to deliver the Legal Access Challenge. It is looking for innovative technology-driven legal solutions that will help individuals and small and medium-sized enterprises (SMEs) to better understand, prevent or resolve their legal problems. Read more [\[solicitors/resources/innovate/legal-access-challenge/\]](#)

## *Do you have a new idea about delivering legal services?*

We are already helping law firms to grow and run their businesses in creative ways.

This includes:

- offering multi-disciplinary partnerships giving the public to access a “one-stop-shop” for legal and non-legal professional services
- allowing specific rules to be waived [\[solicitors/resources/waivers/\]](#) for example to allow firms to introduce more streamlined legal service arrangements.
- a dedicated guidance service to help firms deal with any regulatory barriers they think may be stopping them doing something new
- a sense check to technology firms looking to develop new platforms for legal businesses and the users of legal services.

We have also created an Innovation Space which lets you explore new ways of running your business and introducing original ideas. This is a 'safe space' is for existing firms, as well as new entrants to the legal services market. It lets you test out ideas that are likely to benefit the public in a controlled way.

Here we can work collaboratively with innovators to make sure the right protections are included when creating new products and services. We believe this approach will encourage greater innovation.

## *How does the Innovation Space work?*

Access to the Innovation Space is based on a set of criteria. They are intended to separate out what are the truly innovative from applications that could be helped under our existing policies and processes. Sometimes, just some guidance will be sufficient.

If you think the Innovation Space might work for you, a good place to start is to consider the following:

### **1. Does the application fit in with our aims?**

We would expect any application to be consistent with the aims of our policy reforms [\[sra/consultations/consultation-listing/enabling-innovation/\]](#), our regulatory objectives [\[sra/consultations/consultation-listing/enabling-innovation/\]](#) and in the public interest as well as legal services users.

### **2. Is it sufficiently different?**

Can you show that the proposal will result in a significantly different way of delivering legal services?

### **3. Is there a need for access to the Innovation Space?**

Can you show there is a genuine need to access the Innovation Space? Have you identified and established the need, including which regulatory tool or tools will be required?

### **4. Will consumers be adequately protected?**

Are there sufficient safeguards to protect the users of legal services, including access to appropriate redress if needed? These can be developed on a case-by-case basis to make sure the protections are sufficient, but at the same time not unnecessarily burdensome for business.

### **5. Is the proposal developed enough to start?**

Are you ready to start providing the innovative service? Can you identify measurable success criteria? Can you show that research has been carried out on the benefits of the innovation – including how any risks will be dealt with?

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We will also expect the application to have a clear exit strategy, should it be decided from the outcome of any monitoring that in order to protect the public the services should be stopped.

Tell us your business idea and see if we can help make it become a reality. We will provide support for anyone wishing to use the Innovation Space. Contact our Professional Ethics Guidance [\[home/contact-us/\]](#) team to explain your idea and then to discuss how we will progress your application.

## *SRA Innovate Educate*

SRA Innovate Educate is committed to helping providers of legal education develop their professional legal education and training in new ways, and to supporting new types of providers who are thinking of offering legal education courses for the first time. Read more [\[solicitors/resources/innovate/sra-innovate-educate/\]](#)

## *Monitoring while in the Innovation Space*

We will provide advice on any conditions and monitoring arrangements that we may require, and these will operate while services are provided in the Innovation Space.

As you are establishing yourself, we may require an informal 'check in' of how you are getting on. We will then need a more formal report later, including information on agreed measures that demonstrate the success of your innovation. We will need you to notify us of any significant issues that have occurred if they affect the running of your business. Also, any complaints or other measures of dissatisfaction.

## *Looking to the future and Special Bodies*

We want to do more to allow greater flexibility for solicitors and freedom for firms to innovate, compete and grow. This will help improve access to quality services at affordable prices. Our consultation [Looking to the future](#) [\[sra/consultations/consultation-listing/code-conduct-consultation/\]](#) explores how we can provide a framework for all bodies delivering reserved legal services. This includes charities and not for profit organisations that are classed as "Special Bodies". Under transitional arrangements, these bodies are entitled to carry out reserved legal activities without being authorised to do so by a legal services regulator.

We want to collaborate with special bodies to develop an approach where if regulated by us in the future, we would only directly oversee the solicitor services that bodies provide.

We are also keen to speak to any that wish to explore being authorised and regulated by us now. This may be, for example, because they see benefits in being able to show that they uphold the same standards as other types of organisations entitled to deliver reserved legal activities to the public. Or to be ahead of the game should existing transitional arrangements be brought to an end at some point in the future. Our SRA Innovate work aims to support anyone who wishes to provide legal services in new ways to benefit the public.

We are open for business and, as the information on these pages show, we can offer a flexible approach to regulation that recognises the special circumstances of organisations operating successfully outside the for-profit sector.

## *Supporting new business models*

We are now in a position where we can authorise new models efficiently and effectively:

- Multi-disciplinary practices (MDPs) – Last year we reformed our regulation to make it simpler for MDPs to be licensed to provide legal services under SRA regulation. These measures ensure proportionate regulation where firms deliver a range of professional services under the oversight of a number of regulators. For more information, please see our MDP policy statement. [\[sra/policy/policies/multi-disciplinary-practices-sept-2014/\]](#)
- Separate business rule – In 2015, we made amendments to the separate business rule; the changes enable solicitors to offer other professional services. For more information, please see our guidance.

## *Resources*

An open door to innovation, presentation slides (PDF 16 pages, 584K)

[\[globalassets/documents/sra/open-innovation.pdf?version=499035\]](#)

Innovation a risky business? presentation slides (PDF 14 pages, 522K)

[\[globalassets/documents/sra/innovation-business.pdf?version=498fb9\]](#)

All change - customers are the winners, Riverview Law (PDF 21 pages, 2MB)

[\[globalassets/documents/sra/river-view-law-pres.pdf?version=499098\]](#)

Innovation and growth in legal services [\[solicitors/resources/innovate/innovation-report/\]](#) - a paper that describes what we are doing to support innovation and outlines plans we are making for more work. Please tell us what you think. [\[https://form.sra.org.uk/s3/contactinnovate\]](https://form.sra.org.uk/s3/contactinnovate)

## *Case studies*

Open all [#]

*Innovation Space (Barental Choice)*

## *Innovation Space (Parental Choice)*

### *Background/Challenge*

Parental Choice helps parents find childcare solutions such as nannies/au pair or managing the administration involved in employing domestic help. CEO and solicitor Sarah-Jane Butler wanted to offer clients legal advice on becoming an employer to make them aware of their obligations. She also wanted to make sure nannies and other domestic staff she worked with knew their rights and were treated fairly.

### *How we helped*

After checking she met the assessment criteria, we allowed Sarah-Jane to provide services as a regulated legal professional in a business that is not regulated by us or by another legal regulator. The legal services Sarah-Jane wanted to offer included non-contentious employment matters and commercial legal advice. Without the waivers we granted, Sarah-Jane would have had to outsource legal services, resulting in a fragmented customer experience and potentially extra expense for them.

### *Result*

Parental Choice is now piloting these services in our Innovation Space. They are initially being offered to her existing clients and will represent around 15% of Parental Choice's overall business. The legal services the business now offers are becoming more established, with initial feedback suggesting that clients are valuing the flexibility and diversity of the service.

"We now know that all of our legal requirements are covered and being delivered to the highest standard"

*Emily Shaw, Director, The Drive Project*

"We have found Sarah-Jane to be very responsive, proactive and commercial on a range of employment-related issues"

*James McKellar, Director and Co-founder, DHG Hydro Limited*

## *Alternative business structure (British Medical Association)*

### *Background*

The British Medical Association (BMA), the trade union and professional association for doctors, were considering ways to attract and retain members through providing proactive legal support.

One solution was to set up a new alternative business structure (ABS). If licensed, BMA Law would be able to provide a greater breadth of legal service to existing and potential members and their families.

### *The challenge*

The BMA represents 170,000 doctors and its governing body is elected by its members. However the Legal Services Act 2007 does not allow for different treatment of special bodies. For the BMA to either be licensed in its own right, or directly own a licensed body, it would have required the governing body and potentially the members to be approved as managers under our rules.

The collective nature of a union makes identification of the Schedule 13 persons more difficult. There was a risk that some might be missed, or that it would apply to hundreds or thousands

of individuals. This would be neither practical or financially viable, and would have deterred the BMA from proceeding with the application.

### *How we helped*

We met with the BMA to get more information about the potential structure of BMA Law. As part of these meetings, we gave examples of permissible structures for BMA staff to take away and look into in more detail.

### *Results*

This early engagement led to a more straightforward application being submitted and meant BMA Law Limited would have just one corporate owner, a limited company.

Under the structure put forward, the BMA would be beneficially entitled to all profits from BMA Law Limited and would receive those through a trust over which it has no control. The BMA would not own or have shareholding in BMA Law Limited, or any influence or control over management or voting rights.

### *Conclusion*

Licensing this body has enabled BMA Law Limited to offer the wide range of expert legal advice it wanted to. The BMA now offers a service which proactively supports its members and mitigates the possibility of costly legal disputes and/or issues.

This not for profit organisation invests any surpluses back into services for doctors. By doing this we have helped improve access to legal services and a positive wider impact.

"Given the nature of the BMA, the support of the SRA proved invaluable when it came to establishing BMA Law Limited as a licensed body. Throughout the entirety of what could have been a daunting process, they showed a real commitment towards proactively helping us establish a structure that was both practical and permissible. "It is without question that this level of support enabled us to realise what was an embryonic idea in under 10 months. Having now been licensed for almost a year, BMA Law Limited is proving an enormously positive part of the wider functions and support offered by the BMA."

*Robert Day, Senior Lawyer, British Medical Association*

## *Local authority providing legal services (Essex Legal Services Limited)*

### *Background/Challenge*

Essex County Council's in house legal team wanted to attract new business and offer services to third parties. However they were limited as to what services they could provide and certain areas of work were prohibited.

Unless the local authority was able to evolve it would mean that they could no longer do certain work and they would have the additional expense of outsourcing this.

### *How we helped*

Before applying to authorise Essex Legal Services Limited as a licensed body, we met with them to discuss how the new organisation would be owned. By asking for information ahead of time, we were able to prepare questions that would usually be asked after they had applied. This helped us find out who would be the interest holders in Essex Legal Services Limited and who would need approval.

From this meeting and follow up engagement, we established that as the council had 75 members, none would be seen as individuals to have a material interest. Essex Legal Services Limited only had two directors so the structure was straightforward. We also asked that there would be a clear distinction between in house services that the local authority would continue to provide, and those from Essex Legal Services Limited

### *Results*

Our advance engagement with the local authority helped reduce the time it took to reach a decision. We found that when the application was made, a lot of queries had already been raised and answered.

### *Conclusion*

Licensing Essex Legal Services Limited means that the local authority can continue to provide cost effective services and expand its areas of work.

### *Multi-disciplinary partnership (Proelium Law)*

Proelium Law wanted to provide legal and security advice to businesses and other organisations wanting to operate in hostile environments.

### *Background/Challenge*

When they applied to the SRA, the solicitor behind Proelium Law was not sure which business model would be most suitable. For instance, whether a multi-disciplinary partnership (MDP) or non-MDP model would be most appropriate.

As it was intended to be run as a virtual business, we also sought assurances about client confidentiality. In addition, as the majority of its work would be conducted with clients overseas, we needed to know there would be no issues with foreign payments into their bank accounts.

### *How we helped*

We gave Proelium Law guidance on how the regulation would differ between MDP and non-MDP status. We detailed how we regulate legal activities in each scenario, as well as how we expect client monies to be held.

Proelium Law chose to follow the MDP route and we worked with them to define work that would not be regulated by us so this could be reflected in the firm's license.

### *Conclusion*

Working with the applicant to provide different options to suit their individual business needs resulted in us being able to authorise a firm which provides specialist services in a niche area.

"The process can at first glance appear daunting. However, after reading all relevant guidance, I linked the process in my mind to that of an audit system. With further help and support from the SRA, I was confident that

being authorised as an MDP means we are well structured and have all bases covered.

"I can see why the process might appear excessive, but if you compare it to other industries, for instance the international development world, it is up to date and in line with their requirements. So, this is not a case of the SRA being out of touch, they are absolutely dead on with the process and its requirements, which is really good to know."

*Adrian Powell of Proelium Law*

## *Get involved*

Tell us about your ideas [\[home/contact-us/#helplines\]](#) – We want to hear about your ideas for delivering legal services in new ways and about any barriers regulation may present. We want to hear from you if regulation has stopped you from operating in new and innovative ways.

Join a virtual reference group – Help us make sure that thinking about the way regulation affects innovation and growth in legal services is embedded in our operations and our regulatory reform programme.

## *Contact us*

Contact our Professional Ethics Guidance [\[home/contact-us/\]](#) team to discuss your ideas for innovation and growth.

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Use [www.sra.org.uk/innovate](http://www.sra.org.uk/innovate) to link to this page.