

From the SRA: Handbook Reforms

19 June 2018

We have been developing a package of reforms designed to provide you and your firms with greater flexibility over how you operate and make legal services more accessible to potential clients.

Last week, we finalised the proposals in our Looking to the Future programme. These have been developed over a four-year period, informed by four major consultations, with more than 35,000 members of the public, the profession and wider stakeholders getting involved. We are now ready to make the changes to modernise both our regulation and the legal market.

Our reforms focus on what matters: the high professional standards that offer real public protection rather than unnecessary bureaucracy that generates costs, constrains firms and hinders access to legal services. The changes will make it easier for you to do business and to meet the needs of those who need your services.

The reforms are underpinned by a simpler and easier-to-understand set of Principles, Codes and rules for individuals as well as law firms. It is 130 pages, more than 300 pages shorter than the existing Handbook. Changes being introduced, on a phased basis from 2019 onwards, include:

- Creating separate Codes of Conduct for firms and solicitors and simple Account Rules that focus on keeping client money safe.
- Freeing solicitors up to carry out 'non-reserved' legal work working within a business not regulated by a legal services regulator. Solicitors choosing to do this would be bound by our Code, as are all solicitors regardless of where they work, would not be able to hold client money and would not carry indemnity insurance. They must also make clear to the users of their services exactly what protections are in place, including not providing access to the Compensation Fund.
- Allowing solicitors to provide reserved legal services on a freelance basis. Freelancers would not be able to hold client money or employ staff and must have appropriate indemnity insurance. They must also explain to clients what regulatory protections apply.
- Introducing a new enforcement strategy, providing greater clarity on when and how we would take action against a firm or solicitor.

Overall feedback on our plans has generally been supportive, especially around creating simpler rules, reducing bureaucracy and improving public access to legal services. Where concerns have been raised though, we have listened to this feedback and made changes to the original proposals, including:

- Retaining and clarifying rules requiring solicitors running a firm - or going freelance – to have at least three years' experience.
- Dropping proposals to publish data about client complaints to firms, because of the need for contextual information.
- Amending plans around definitions of client money, so that the vast majority of firms can continue operate as they do now, avoiding unnecessary costs.

We will be working closely with you all to prepare for any changes ahead of implementation. The reforms will be submitted to the Legal Services Board for formal approval over the coming months.