



Welcome to the Spring 2015 edition of our Legal Services Act Update, an e-update detailing recent press coverage of how the professional services community and regulatory bodies are responding to the major changes facilitated by the Legal Services Act 2007.

This issue highlights the progress made in legal services deregulation and business innovation in the years since The Legal Services Act came into force. As ever we welcome your feedback.

Best regards,
Clare Rodway
Managing Director
0207 323 3230
clare@kysenpr.co.uk

Press summary **Issue: Spring 2015**

Contents

Regulator under scrutiny over ABS licensing process	2
Top-50 firm Mishcon granted ABS licence.....	3
Nottingham Law School applies for ABS licence	3
Weightmans appoints another non-lawyer partner.....	4
Listed accident management group to create three ABSs	4
RSA teams up with Parabis to launch insurance ABS	5
Legal services report ignores market changes.....	5
Three in five firms worried by legal technology	6

Legal Services Act update – May 2015

The cumbersome pace at which the Solicitors Regulation Authority has been [granting alternative business structure licences](#) has not discouraged innovative organisations from taking up this option.

In February, top-50 firm [Mishcon](#) joined the club as part of a wider strategy to develop an integrated wealth management service.

The following month, [Nottingham Law School](#) made an application to the SRA to become an ABS, the first university to pursue the ABS model. This would allow its legal advice centre to offer its students work experience at a regulated legal practice while still at university.

Meanwhile, another top-50 firm, [Weightmans](#), has used its ABS status – gained in December 2013 – to appoint a further non-lawyer to the partnership.

One industry in particular, the insurance sector, seems to be attracted by the ABS model. After buying Cardiff-based firm NewLaw last year, accident management group [Redde](#) unveiled plans, in February, to set up three ABSs with insurers. One month later, it was the turn of [RSA](#) to reveal that it had teamed up with Parabis Law to provide legal services.

But the fundamental changes taking place in the legal services market are not always acknowledged fully. Many delegates to the Global Law Summit have criticised a [report by TheCityUK](#) for focusing almost exclusively on traditional models and ignoring innovative or smaller operators.

Not all innovation, however, is necessarily received positively, as this year's [Looking Glass report](#) has revealed, with nearly three in five firms concerned that technology could replace the need for their services. Nonetheless, as suggested by Sean Connolly, senior partner at Mayer Brown, which was involved in the preparation of the report, technology could help all firms deliver services more efficiently.

ABS APPROVALS

Regulator under scrutiny over ABS licensing process

The Solicitors Regulation Authority is to remain under scrutiny over concerns that it is taking an overly laborious approach to ABS approval, the Legal Services Board has said.

The announcement, made by the LSB in a report in January (2015), highlights concerns that the SRA is requesting information from ABS applicants, which is not “proportionate or targeted to what the Legal Services Act actually stipulates”.

In particular, the report says, the SRA is taking a number of licensing requirements “too far”, such as “investigating a long way up the chain of ownership”.

It follows a decision last year to place the SRA under a so-called section 55 notice, a provision in the Legal Services Act 2007 which authorises the oversight regulator to request information from

an approved regulator as part of its supervision and enforcement duties.

The report further notes that despite promising assurances by the SRA to improve processes, the solicitors' regulator was yet to deliver a clear project plan.

As of 15 January, the SRA has granted 363 ABS licences, each taking on average six months to issue from submission date.

Source: [Legal Futures](#), 24 February 2015

ABSs AND INNOVATION

Top-50 firm Mishcon granted ABS licence

Mishcon is the latest top-50 law firm to have been granted an alternative business structure licence. Issued on 12 February 2015, the licence became effective on 10 April and the firm appointed its first non-lawyer partner – chief operating officer Bambos Georgiou – on 16 April.

The mid-market firm, which has a mixed practice including a strong private client department, first considered the ABS option as early as 2012 before applying to the SRA in July 2014. The firm's head of legal practice for the ABS is litigation partner Jarret Brown.

The ABS conversion is part of a wider strategy including the launch of a high-end wealth management service, Mayfair Private, and the move this autumn from its current office on Red Lion Square to Africa House, which will allow the firm to bring all fee-earners under one roof.

Several large firms have already adopted an ABS structure: Irwin Mitchell, Parabis and Keoghs in 2012, Gateley and Weightmans in 2013, and Kennedys in 2014 (see previous issues of Kysen's Legal Services Act Update).

Source: [The Lawyer](#), 16 April 2015

Nottingham Law School applies for ABS licence

Nottingham Law School has applied for an alternative business structure licence, which, if granted, would allow its newly expanded legal advice centre to give students the opportunity to work in a regulated legal practice while still at university.

"Students at all levels of the law school will be able to gain experience of professional practice in the same way that medical students currently do at teaching hospitals," said centre director Nick Johnson.

The university's legal advice centre expects to take on in the region of 200 pro bono cases in 2014-15, in areas of law ranging from employment and housing to business and intellectual property. Its work also includes local community outreach projects, public legal education projects, a miscarriage of justice project, and overseas placements.

Source: [The Lawyer](#), 13 March 2015; [Law Society Gazette](#), 13 March 2015

Weightmans appoints another non-lawyer partner

Top-50 firm Weightmans, which converted to ABS in December 2013, has used the opportunity given by its new business structure to appoint a further non-lawyer, HR director Sam Airey, to the partnership.

Airey is one of four, all women, to be made partners this year and she will join Weightmans' fixed-share membership (FSM) scheme. The first non-lawyer to be made a partner at the firm was marketing director Sarah-Jane Hewitt, in May last year.

The other new partners are Patricia Grinyer, in corporate finance, local government lawyer Navdip Wilson, and litigator Carole Spiller, who has been working flexibly.

Airey commented that the firm "prides itself on its people-focused culture and encourages a healthy work-life balance". She added, especially in relation to Spiller's appointment, that it sent "a positive message throughout the firm that we recognise the importance of flexible working".

The new appointments bring the number of women partners at Weightmans to 52, just under 29 per cent of the firm's 181 partners.

Source: [The Lawyer](#), 15 April 2015; [Legal Business](#), 17 April 2015

INSURERS EMBRACE ABS MODEL

Listed accident management group to create three ABSs

Redde Plc, the accident management group that bought Cardiff-based firm NewLaw last year, has unveiled plans to set up three new alternative business structures in partnership with insurers.

In a statement to the stock exchange, the group also said that the acquisition of NewLaw made "an encouraging start" which gave the board confidence to invest further in the legal market and that it had set aside £25m for this purpose.

While Redde did not provide any details, it said three ABS partnerships with insurers and related brands were "in the pipeline", according to the *Law Society Gazette*.

The group's interim results for the six months ending on 31 December 2014 showed a turnover increasing 32 per cent to £122m compared with the same period in the previous year.

Following the announcement Redde's share price rose 7.2 per cent within an hour of the market opening to 100.75p per share. By the end of April 2015, Redde shares were trading at 121p.

Source: [Law Society Gazette](#), 26 February 2015

RSA teams up with Parabis to launch insurance ABS

Insurance group RSA, formerly Royal Sun and Alliance, has partnered with Parabis Law to set up an alternative business structure. The ABS licence was granted on 5 March 2015 and was effective on 1 April.

The owner of MoreThan said this would allow the company to provide customers with “a seamless high quality claims and legal service”.

Parabis group commercial director Tim Roberts commented that the move underlined “the significant role that insurers are playing in customer-facing legal services provision [in the UK].”

The tie-up is the third Parabis has entered into. It has similar arrangements with Direct Line and Saga.

Cardiff firm NewLaw, which is owned by insurance group Redde ([see above](#)), also has a five-year agreement with insurance company Ageas.

These joint ventures follow the ban on referral fees in the Legal Aid, Sentencing and Punishment of Offenders Act 2012, which makes it illegal for insurers to sell clients details to law firms.

Source: [Law Society Gazette](#), 12 March 2015; Post, 13 March 2015

CHANGES TO THE LEGAL SERVICES MARKET

Legal services report ignores market changes

A major report launched at the Global Law Summit, the government-led initiative to celebrate the 800th anniversary of the Magna Carta, has failed to take account of recent changes to the legal services market, it has been claimed.

The report, prepared by interest group TheCityUK and unveiled at the summit, notes that law firms have experienced their strongest growth in the six years in 2013.

However, observers say the report concentrates on large traditional law firms and does not consider the impact of alternative business structures or small innovative firms embracing new business models.

Richard Turnor, for instance, partner at niche firm Maurice Turnor Gardner, told legal news site *Legal Futures* that the report looked much as it would have five or 10 years ago, despite the “huge developments going on in legal services”.

Several top-100 firms were not even mentioned, such as Macfarlanes, Simmons & Simmons, and Trowers & Hamlins, whose senior partner Jennie Gubbins said the report felt like “a large boys’ club.”

TheCityUK defended the approach taken. Khawar Qureishi QC, chairman of the organisation’s legal services and dispute resolution group, said the report was primarily a document for use by the government to promote the UK’s legal services sector abroad and “to an extent had to be limited”.

Source: [Legal Futures](#), 26 February 2015

Three in five firms worried by legal technology

Nearly 60 per cent of law firms are worried that technology and innovation could result in “medium to high levels” of replacement of their services, according to a new benchmark report.

Winmark’s annual Looking Glass report, prepared jointly with ThomsonReuters and Mayer Brown, surveyed 160 firms, 58 per cent of which expressed concern over technology, compared with only 38 per cent of in-house lawyers.

But there is cautious optimism too. “Technology has transformed the way in which we work,” said Mayer Brown senior partner Sean Connolly. “However, while there are many examples of innovation and commoditisation across the sector, the law as a profession has been slow and selective on its application.”

Connolly commented further: “In many ways the conversation about how legal services – both high and low value – could be delivered is only just beginning.”

The impact of technology, along with that of other changes in the legal services sector, such as alternative fee arrangements and internationalisation, was rated as more significant by in-house lawyers than by law firms. Only three changes were rated higher by law firms: legal process outsourcing, legal apprenticeships and partner tax changes.

The report also found that a quarter of the respondent firms considered ABSs as a major threat, with 24 per cent specifically citing accountancy firms. In addition, the number of firms interested in converting to ABS has dropped from 46 per cent in 2013 to 17 per cent in 2014.

Source: [Legal Futures](#), 4 March 2015



To unsubscribe from this email please [click here](#).

To read our Privacy Policy, please [click here](#).

Kysen PR –
22 Long Acre, Covent Garden London
WC2E 9LY
T 020 7323 3230

www.kysenpr.co.uk