

# Authorising the profession

July 2021

Read in Welsh [\[https://jobs.sra.org.uk/sra/research-publications/authorisation-review-welsh/\]](https://jobs.sra.org.uk/sra/research-publications/authorisation-review-welsh/)

Authorisation is the key point at which we make sure individuals and businesses meet the high professional standards we and the public expect when they enter the profession.

We do this by carrying out background checks, including checking there are no character and suitability issues, and by making sure applicants have the right skills and qualifications. Our priority is to be sure there is no risk to the public in allowing individuals or firms to join the profession. We also try to make this process work as efficiently and as smoothly as possible.

The charts below detail our work in this area and highlight key trends and patterns. A glossary of terms can be found at the end of this page.

Please note, our business year is 1 November to 31 October. Unless otherwise stated, these figures are as of the October in the latter year - ie, the figures for 2019/20 are as at 31 October 2020.

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## **Who we authorise and regulate**

- Solicitors who practise English and Welsh law in England and Wales.
- Solicitors who practise English and Welsh law overseas.
- Non-practising solicitors who are on the roll of solicitors (see glossary).
- Most law firms and some other types of businesses in England and Wales offering legal services.
- Registered foreign lawyers (RFLs) and registered European lawyers (RELs).

## **Profile of the market**

### **Profile of law firms**

The number of law firms choosing to apply for an alternative business structure (ABS) licence (available to those with non-lawyer ownership or control) continues to increase and is an especially popular choice for incorporated companies. Although there has been a slight decline in the overall number of law firms in England and Wales over the past seven years, it has stayed relatively stable. This is in contrast to the number of practising solicitors, which continues to grow year-on-year ([see profile of solicitor population](#) [#Profile]).

**2013/14 2014/15 2015/16 2016/17 2017/18 2018/19 2019/20**

Total number of law firms	10,444	10,336	10,415	10,420	10,407	10,341	10,107
Firms with an ABS licence	325	424	550	681	791	877	945

### Breakdown of law firm types with ABS subset

	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
Inc company	3,509	3,813	4,205	4,537	4,778	4,952	5,015
Inc company with ABS licence (subset)	186	268	369	477	559	629	687
Sole practitioner	2,856	2,725	2,627	2,489	2,367	2,217	2,060
Partnership with ABS licence (subset)	23	25	28	30	41	46	47
LLP	1,577	1,550	1,559	1,557	1,542	1,549	1,526
LLP with ABS licence (subset)	116	130	152	172	189	199	208
Other	83	45	46	38	37	39	36
Other with ABS licence (subset)	-	1	1	2	2	3	3

Please note, because of the nature of their business, sole practitioners are not able to adopt ABS licences. A non-lawyer must be involved in the running of an ABS.

### Profile of solicitor population

The number of practising solicitors has continued to grow in recent years and hit an all-time high in October 2020, showing that working as a solicitor in England and Wales remains an attractive career option.

	Solicitors holding practising certificates	On the roll of solicitors
2010/11	124,306	162,818
2011/12	127,353	169,338
2012/13	130,643	162,367
2013/14	133,327	164,598

2014/15	135,294	171,464
2015/16	139,313	178,340
2016/17	143,072	185,240
2017/18	146,625	192,121
2018/19	150,349	199,181
2019/20	153,082	205,688

Please note, these figures relate to solicitors only and do not include RELs or EELs.

## Waivers and the Innovation Space

We want to see firms innovate in a modern legal market, working in new ways for their customers, and making it easier for people to find the legal service they need.

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.

Our rules are there to protect the public, but we want to make sure they do not unnecessarily get in the way of firms and solicitors offering legal services in novel and creative ways. [Our waivers policy](https://jobs.sra.org.uk/solicitors/resources-archived/waivers/) [<https://jobs.sra.org.uk/solicitors/resources-archived/waivers/>] and [Innovation Space](https://jobs.sra.org.uk/solicitors/resources-archived/sra-innovate/) [<https://jobs.sra.org.uk/solicitors/resources-archived/sra-innovate/>] (introduced in 2016) allow firms, solicitors and new entrants to the market to explore different ways of running their business and to introduce original ideas, while making sure the public is appropriately protected. The Innovation Space is a controlled test area for ideas that are likely to benefit the public.

Since the [introduction of our new Standards and Regulations](https://jobs.sra.org.uk/solicitors/standards-regulations/) [<https://jobs.sra.org.uk/solicitors/standards-regulations/>] in November 2019, we no longer grant some of the waiver types shown in the table below. This is because our rules are now more flexible and less prescriptive, meaning there is no need to offer a workaround.

### Types of waivers granted

Waiver granted	What it means	Number granted in 2017/18	Number granted in 2018/19	Number granted in 2019/20
Authorisation Rules	We may waive some of our Authorisation Rules if they are unnecessarily burdensome for a firm to follow.	19	28	76
Practice Framework	We can waive our rules on how and where solicitors and	38	33	0



Rules	<p>other people we regulate could work. We allow this if we are satisfied there is no risk to the public in doing so. For example, we have allowed solicitors to work in firms we do not regulate, and which are not regulated by another legal services regulator, so long as they do not handle client money. Under the new Standards and Regulations, firms no longer have to apply for this particular waiver, as this arrangement is now allowed.</p>			
Professional indemnity insurance (PII) requirements	<p>We can agree that firms do not have to get the minimum terms and conditions PII that they usually must do under our rules. We have done this in instances where the firm has an alternative insurance policy that has equivalent or better terms than our own.</p>	6	4	7
To submit accountants' reports	<p>We can agree that firms do not need to send us an annual report of their accounts if they are shutting down. For example, we waive this rule if we can see there has been a very small number of client transactions handled over a period of time.</p>	6	9	5
Compensation fund fee	<p>We may agree that firms do not have to contribute to the compensation fund. We may do this where a firm has only held a very small amount of client money for a very short period, and there is no risk of their clients making a claim on the fund.</p>	2	3	2

**Regulation in Wales**

Just over 4,000 practising solicitors and more than 400 head offices are based in Wales (this is an estimate figure due to cross-border working). This

is around 4% of all law firm head offices. Around one-quarter of Wales-based firms and practising certificate holders are in Cardiff.

Wales-based law firms continued to thrive in 2019/20. Their turnover came to £435m in 2017/18, up £55m compared with five years ago.

In 2020 and as part of our major IT programme, we now issue all our practising certificates in both Welsh and English as a matter of course, making sure we treat both languages equally and that solicitors do not have to request a certificate in Welsh or answer a question on whether they speak Welsh.

## Regulating Wales

	<b>Practising certificate holders based in Wales</b>	<b>Head offices based in Wales</b>	<b>Percentage of law firms based in Wales</b>	<b>Practising certificate holders who indicate they speak Welsh</b>	<b>Practising certificates issued in Welsh</b>	<b>Turnover</b>
2014/15	3,713	453	4%	1101	762	£370m
2015/16	3,700	450	4%	1,081	761	£380m
2016/17	3,770	440	4%	1,140	790	£397m
2017/18	3,885	443	4%	1,172	793	£410m
2018/19	3,927	431	4%	1,205	783	£428m
2019/20	4,003	420	4%	1,182	776	£435m

Please note that the 2015/16–2018/19 figures for practising certificates issued in Welsh differ to those reported in last year’s Authorisation Review. This is because, since that time, solicitors have requested copies of their practising certificates in Welsh for previous practising years. The figures shown in this table are the most up to date.

## [Authorisation - glossary](#)

### Alternative business structure (ABS)

A structure that allows non-lawyers to own or invest in law firms.

### Authorisation

Where we consider applications from individuals and firms to enter the legal services market.

### Incorporated company

A business which has been set up by one or more person. Incorporated companies are subject to different tax and governance rules, which can be attractive to the owners, depending on their business needs. The owners’ financial liability is also limited.

### Limited liability partnership (LLP)



A business structure where there are two or more partners. It limits the financial liability of the partners.

**Multi-disciplinary practice**

A business structure that offers customers legal and other professional services, such as accountancy or surveying.

**Partnership**

A business structure where there are two or more partners.

Partnerships can be easier to form, manage and run. Unlike an incorporated company or LLP, you do not need to file any documents with the government to make your business a partnership. Also, partnerships do not need to prepare and publish their accounts.

**Practising certificate**

A document we issue that allows solicitors to practise the law. Solicitors must renew their practising certificate every year.

**Registered European lawyer (REL)**

An EU-qualified lawyer who registers with us to practise English and Welsh law in England and Wales.

**Registered foreign lawyer (RFL)**

A lawyer from outside the EU and the European Economic Area who registers with us to practise English and Welsh law in England and Wales.

**Roll of solicitors**

This is a record of solicitors that we have authorised to practise English and Welsh law. Not all solicitors on the roll will actively be practising the law.

**Sole practitioner**

A solicitor who runs their own legal practice on their own.

## **Further information**

[Regulated population statistics \[https://jobs.sra.org.uk/sra/how-we-work/archive/reports/statistics/regulated-community-statistics/\]](https://jobs.sra.org.uk/sra/how-we-work/archive/reports/statistics/regulated-community-statistics/)

[How diverse is the legal profession? \[https://jobs.sra.org.uk/sra/equality-diversity/diversity-profession/diverse-legal-profession/\]](https://jobs.sra.org.uk/sra/equality-diversity/diversity-profession/diverse-legal-profession/)

[The Legal Access Challenge – conclusion and next steps \[https://jobs.sra.org.uk/sra/how-we-work/archive/reports/legal-access-challenge/\]](https://jobs.sra.org.uk/sra/how-we-work/archive/reports/legal-access-challenge/)

[SRA corporate strategy 2020 to 2023 \[https://jobs.sra.org.uk/sra/corporate-strategy/\]](https://jobs.sra.org.uk/sra/corporate-strategy/)