Despite its potential social and economic benefit, innovation in legal services has to date received little academic attention. Drawing on the largest survey of legal services innovation ever undertaken (c. 1500 firms) this paper explores the strategic, resource and environmental drivers of service and delivery innovation among solicitors, barristers and other legal service providers. Adopting an activity-based approach, modelling emphasises the value of a structured and organised approach to innovation involving multi-functional working, promoting effective team-working, developing in-house research capability, having a leadership team committed to innovation and having strong external relationships. Relationships with suppliers and professional associations, for example, contribute positively both to idea generation and transformation. Non-lawyer ownership also has positive impacts on innovation also influencing both idea generation and transformation. Regulatory effects on innovation prove relatively weak, and we find little evidence of competition effects on innovation, suggesting perhaps that de-regulation in the sector has some way to go if market forces are to operate effectively.