

**FOR IMMEDIATE RELEASE:**

## **LSB CONFIRMS OCTOBER 2011 AS START DATE FOR ALTERNATIVE BUSINESS STRUCTURES**

The Legal Services Board (LSB) today confirmed the timetable for reform and modernisation of the regulation of the legal services sector, which will see the first Alternative Business Structures (ABS) able to apply for licences in mid 2011.

**Legal Services Board Chairman David Edmonds** said:

*“Today’s announcement is a significant milestone. It gives certainty to the Approved Regulators, the firms they regulate and to potential new entrants alike. Moreover, it paves the way for real benefits to be delivered to consumers on the fastest possible timetable.*

*In getting to this position, we have worked closely with the Solicitors’ Regulation Authority (SRA), the Council for Licensed Conveyancers (CLC) and other bodies who are considering applying to regulate Alternative Business Structures. I welcome their ambition and commitment to the process.*

*The timetable, which will see firms applying for licences next summer and being licensed to provide services from 6 October 2011, is challenging, but realistic.*

*It gives time for regulators to prepare their licensing framework for ABS – frameworks that we will ensure focus on outcomes for consumers, rather than over-complicated rules that stifle innovation and better value.*

*We have been clear that we want traditional firms to have similar flexibility as well. So we welcome the commitment of the SRA to move ahead with outcome-focused regulation on a similar timetable.*

*But we will also work with all potential licensing authorities to ensure that they have not just the framework, but also the skills and infrastructure in place to monitor these new businesses to give consumers confidence that necessary safeguards are in place.”*

The LSB will shortly publish guidance explaining how applications for becoming licensing authorities for ABS from Approved Regulators will be evaluated, following a consultation exercise. This will be followed by final guidance to potential licensing authorities on the content of their regulatory frameworks.

Taken together, these documents will allow the LSB to consider applications from those seeking to become licensing authorities later this year.

**For more information please contact Craig Jones, Media and Public Affairs Manager on [craig.jones@legalservicesboard.org.uk](mailto:craig.jones@legalservicesboard.org.uk) or on 07702 428210.**

### **Notes for editors:**

1. The Legal Services Act ('The Act') provides for the creation of the Legal Services Board as the oversight regulator for legal services in England and Wales. The new regulatory regime enacted by the Act became fully active on 1 January 2010.
  
2. Alternative Business Structures will allow non-lawyers to invest in and own legal practices. The Legal Services Act 2007 sets out the core regulatory framework for this new regime. It is the task of the Legal Services Board, established by the Act, to develop and implement that framework, by ensuring that licensing authorities are in place with the necessary competence to licence individual firms.
  
3. The Board is tackling that task by.
  - Working with the legal sector and other stakeholders to develop the regulatory framework. We have so far published a consultation on [approaches to licensing](#), as well as an [initial impact assessment](#) on the licensing framework. Alongside these, consultations have recently closed on [designation](#) and [cancellation](#) of status as a Licensing Authority;
  - Engaging in extensive dialogue with government, industry and potential new entrants to ensure common understanding of the opportunities and protections within the new regime;
  - Addressing concerns raised about possible adverse consequences, in particular by ensuring "a level playing field" in terms of consumer protection between new entrants and existing firms.
  
4. Our future implementation plans include the following:
  - We will be issuing final guidance on the content for licensing rules next month, which will set out the core regulation that applies to ABS;
  - We will continue to work with potential LAs to ensure that they have suitable rules and sufficient capability to become competent LAs;

- We will develop LSB's direct licensing approach for use in the event that no AR is able to regulate ABS;
  - We will see ongoing development of market readiness through regular Implementation Group meetings and open fora held throughout England and Wales.
5. The timetable is dependent on Parliamentary approval for commencement of the provisions in, amongst other things, Part 5 and Schedule 10 and 11 of the Legal Services Act 2007.
6. The legal profession currently consists of some 16,455 barristers, 112,246 solicitors and 12,200 individuals authorised to operate in other aspects of the legal profession such as conveyancing. The sector has been valued at £25.97 billion per annum. In total the legal sector employed 323,000 individuals in 2008. [ONS]
7. Section one of the Act defines the following regulatory objectives that guide the work of the Legal Services Board and its partners the Approved Regulators:
- Protecting and promoting the public interest;
  - Supporting the constitutional principle of the rule of law;
  - Improving access to justice;
  - Protecting and promoting the interests of consumers of legal services;
  - Promoting competition in the provision of legal services;
  - Encouraging an independent, strong, diverse and effective legal profession;
  - Increasing public understanding of the citizen's legal rights and duties;
  - Promoting and maintaining adherence to the professional principles;
8. The 2009/10 LSB business plan can be found at:  
[http://www.legalservicesboard.org.uk/news\\_publications/publications/pdf/business\\_plan\\_2009\\_10.pdf](http://www.legalservicesboard.org.uk/news_publications/publications/pdf/business_plan_2009_10.pdf)
9. The LSB oversees eight "Approved Regulators", which in turn regulate individual lawyers and organisations. The eight approved regulators, designated under Part 1 of Schedule 4 of the 2007 Act, are the Law Society, the Bar Council, the Master of the Faculties, the Institute of Legal Executives, the Council for Licensed Conveyancers (CLC), the Chartered Institute of Patent Attorneys, the Institute of Trade Mark Attorneys and the Association of Law Costs Draftsmen. In addition the Institute of Chartered Accountants in Scotland and the Association of Chartered Certified Accountants are listed as Approved Regulators in relation only to reserved probate activities.