

Consultation on the regulation of special bodies/non-commercial bodies that provide reserved legal activities - Charity Commission response

As highlighted in Annex A to the consultation paper, the Charity Commission is the independent regulator and registrar for charities in England and Wales. We are the regulator for 162,000 registered charities, and for a similar number of 'excepted' charities that do not have to register with us, but are otherwise subject to our jurisdiction. Our five statutory objectives are:

- to increase public trust and confidence in charities
- to promote awareness and understanding of the operation of the public benefit requirement
- to promote compliance by charity trustees with their legal obligations in exercising control and management of the administration of their charities
- to promote the effective use of charitable resources
- to enhance the accountability of charities to donors, beneficiaries and the general public.

A few of the charities we regulate provide legal advice services that may fall within the scope of this consultation. These include approximately 400 Citizens Advice Bureaux and 60 Law Centres.

We welcome the opportunity to participate in this consultation. We do not regulate the provision or quality of legal services. The main focus of the consultation (ensuring sufficient consumer protection and service quality) is outside our remit. We would like to comment on some aspects of the potential impact on charities of changes to the regulation of legal services.

We support a risk-based and proportionate approach to regulation. The LSB recognises the difficult financial position facing many charitable advice centres. We welcome an approach that takes account of governance, funding and sustainability, as well as service quality.

1 To what extent do you think the current non-LSA regulatory frameworks provide fully adequate protection for consumers?

2 Do you agree with the LSB's assessment of the gaps in the current frameworks?

3 What are the key risks to consumers seeking advice from non-commercial advice providers?

We cannot comment on the sufficiency of regulation of reserved legal activities or what additional regulation would be appropriate. We recognise that consumer protection needs to be sufficient.

Balanced against this, for those who need to use the legal services provided by charities, affordability is clearly an issue. If increasing regulation increases cost, this may impact:

- The financial viability and sustainability of charity and not-for-profit legal advice services
- The affordability of those services to beneficiaries with limited means.

The LSB's research has indicated that unstable funding, sustainability and lack of alternative providers are significant risks. Increasing regulation of services will not address these issues. Financial viability is clearly an issue at the moment. This is evident from reporting in the media and the announcement of additional funding for advice services in this year's budget.

Broadening the definition of reserved legal activities could exacerbate any financial impact on charities and their beneficiaries.

4 What are your views on the proposed timetable for ending the transitional protection?

5 Should we delay the decision of whether to end the transitional protection for special bodies/non-commercial bodies until we have reached a view on the regulation of general legal advice?

6 Do you have any comments on the Impact Assessment? In particular do you have any evidence about the likely positive or negative impacts of the changes set out in this document and/or information about the diversity of the workforce or consumers that use special bodies/non-commercial organisations?

Please also see our response above.

The questions of (i) ending the transitional period and (ii) extending reserved activities to include general legal advice are closely linked in terms of their impact on charities and not-for-profit service providers. We appreciate the desire not to delay implementing regulation if it is needed. Nevertheless, if these two questions have to be considered separately, then separate consideration should be given to providing exemption for general advice given by charity/not-for-profit providers.

7 What are your views on allowing special bodies/non-commercial organisations to charge for advice? What do you think are the key risks that regulators should take into account if these bodies can charge?

8 What are your views on our proposed approach to allowing a full range of business structures?

9 Do you agree with our analysis of group licensing?

We welcome your willingness to consider how to tailor regulation and licensing to the sector's needs.

We welcome your approach to considering ways of enabling charities to more easily manage funding cuts. We will be interested to see the sector's response. We also

welcome the proposed flexibilities around regulation and insurance requirements, taking account of proportionality and risk.

10. What are your views on these issues that may require changes to licensing rules?

11. Are there any other areas where the LSB should give guidance to licensing authorities?

We have no further comments.

For further information, please contact:

Neal Green
Senior Policy Advisor
Charity Commission

tel 020 7674 2343

email neal.green@charitycommission.gsi.gov.uk