

**Minutes of the fifteenth meeting of the
Alternative Business Structures (ABS) Implementation Group**

Held on Thursday 5 May 2011 from 13:00 to 14:00

Legal Services Board, Victoria House, Southampton Row, London, WC1B 4AD

Attendees

Chris Kenny	Legal services Board (LSB)
Fran Gillon	Legal services Board (LSB)
Chris Baas	Legal services Board (LSB)
Luke McInerney	Legal services Board (LSB)
Michael Stacey	Legal services Board (LSB)
Alanna Linn	Legal Services Consumer Panel
Felicity Banks	Institute of Chartered Accountant England and Wales (ICAEW)
Gemma Burnett	ILEX Professional Standards (IPS)
Sarah Willison	Solicitors Regulation Authority (SRA)

Background

This was the fifteenth meeting of the ABS Implementation Group.

Agenda

1. Minutes
2. Matters arising
3. LSB to update on current work activity
4. ARs to update on state of play and current activities.
5. Any Other Business

Apologies

Apologies were received from Surinder Sawali (MoJ), Ann Wright (IPREG), Charlotte Barbour (ICAS), and Imelda Moffat (ICAEW)

Minutes

1. The minutes from the previous meeting were considered.
2. Minutes were agreed.

Matters arising out of the minutes

3. No matters arose.

LSB to update on current work activity

4. Currently there is a lot of work in preparing orders for commencement and designating orders. We are working in conjunction with the MoJ on these.
5. Section 69 consultation has closed. The order is still subject to JCSI approval but it will be published as a final recommendation order before 16 May (assuming all is ok with JCSI).
6. Ongoing work with various designation orders. CLC, SRA, LSB, MoJ are progressing work in this area.
7. The Maximum Financial Penalty order is on track and is progressing.
8. Schedule 13 was published on Tuesday and is currently going through MoJ processes.
9. The LSA also published on Tuesday our approach on how the LSB will review decisions about licence applications made to it, in the event of us becoming a LA.
10. The Rehabilitation of Offender order is also being progressed and LSB is working with the MoJ on elements of that order.
11. In terms of Part 5 of the LSA, we have been advised by the MoJ that no impact assessment is required. Their legal advice is that the initial impact assessment that accompanied the Legal Services Bill in 2007 is sufficient and that it is not usual practice to undertake another impact assessment for a commencement order. Instead, the LSA is currently compiling a base-line research note which surveys the market and undertakes some assessment of the possible impact of ABS.
12. In terms of the work being undertaken on setting up an ABS appeals mechanism, the committee decided not to amend the rules of the GRC regarding costs. So the SRA have decided not to use the GRC as its appellate body, but rather the SDT.
13. Currently two section 80 orders are needed to be made. One for the CLC which will include the GRC process. This order is currently at JCSI. The SRA order, however, needs to be re-consulted on and the four week consultation document will be published today, closing on 2 June 2011. The LSB Board will consider making a recommendation to the Lord Chancellor in mid June on the SRA s.80 order.
14. Chris Kenny gave an update on timetable issues for the LSB. As we approach the targeted ABS 'go live' date and necessary parliamentary processes, it is becoming increasingly more 'hazy' because we have to undertake: (1) due diligence on SRA/CLC application; (2) constrained by Parliamentary timetable. The key point is that there is no certainty here and this could have repercussions on the ABS timescale.
15. Not all Parliamentary processes will necessarily be completed this side of the Parliamentary summer recess. Some final pieces, such as the SRA application to become a LA, may occur in autumn which could have the effect of pushing out other fixed dates. This may impact on the ABS 'go live date' in October and delay it a little. However, as the SRA's shift to OFR should be running from October and is currently on

track, then the issue of licensing potential ASB applicants should not pose difficulties, even if it could not occur on 6 October but at a slightly later date.

ARs to update on state of play and current activities

SRA Update

16. The SRA published their handbook on-line on 6 April.
17. The SRA are now focusing: on section 69 order; Consequential amendments and section 80 appellate bodies orders; and the rehabilitation of offenders issue.
18. The SRA is engaged in another round of stakeholder engagement through a series of road shows. The SRA will feedback to the ABS group any responses they receive. The road shows are advising people about OFR and getting firms prepared for both the new requirements under OFR as well information reading ABS licensing.
19. The stakeholder road shows will be held in Cardiff, Newcastle, London and Birmingham. Sarah will circulate a list of venue locations for the road shows to the ABS implementation group.
20. SRA are also focusing their attention toward authorisation, supervision and enforcement issues against firms in relation to OFR.
21. The SRA recognise that there is a need to call a MDP working group together to discuss the SRA licensing application and to get the MoU signed and finalised. The SRA will invite the Legal Ombudsman to the MDP meeting.

IPS

22. IPS raised two points: (1) is the LSB willing to talk to regulators in reference to application to become LAs. The LSB confirmed that this was the case and encouraged IPS to conduct us in reference to any specific enquiry which they might have; (2) IPS wanted an update on special bodies and licensing issues. LSB responded by mentioning that we are focusing on CLC and SRA applications, but will shortly be turning to special bodies and devoting more resource to this issue.
23. IPS signalled their interest in licensing special bodies.

ICAEW

24. ICAEW are undertaking some work on the prospect of becoming a licensing authority. At this point ICAEW are not signalling publicly a definite decision to become a licensing authority, but rather have an agreed in principle that this is their intention.

Other Business

25. Future of the ABS implementation Group – given that interest appears to be waning in the group, it was suggested that we could convene on an *ad hoc* basis, but that some other mechanism to update the group on a monthly basis will be trialled.
26. The LSB will do some thinking about possible future means of convening the group and will keep members updated.