

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

Held on Thursday 1 July 2010 from 13:00 to 14:00

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

Attendees

Chris Kenny	Legal Services Board (LSB) (Chair Person)
Luke McInerney	Legal services Board (LSB)
Alanna Linn	Legal Services Board Consumer Panel
Sarah Willison	Solicitors Regulation Authority (SRA)
Ann Wright	Intellectual Property Regulation Board (IPREG)
Imelda Moffat	Institute of Chartered Accountant England and Wales (ICAEW)
Victoria Swan	Council for Licensed Conveyancers (CLC)
Baljeet Basra	ILEX Professional Standards (IPS),
Geraint Davies	Bar Standards Board (BSB)
Charlotte Barbour	Institute of Chartered Accountants of Scotland (ICAS),
Dawn Sanderson	Ministry of Justice (MoJ)

Background

This was the ninth meeting of the ABS Implementation Group.

Agenda

1. Minutes
2. Matters arising
3. Update on progress towards ABS implementation
4. LSB to update on impact assessment for ABS
5. SRA to update on recent consultation and MDP workshop
6. ILEX to discuss LA application
7. Any Other Business

Minutes

1. The minutes from the previous meeting were considered.

2. No amendments were proposed.

Matters arising out of the minutes

3. No significant matters arose out of consideration of the minutes from the previous meeting of the ABS Implementation Group.
4. Chris Kenny, the meeting Chair, noted the ABS road-show events that had been held since the convening of the previous ABS Implementation Group meeting.
5. The minutes were then approved.

Update on progress towards ABS implementation

BSB

6. The YouGov survey commissioned by the BSB received responses from approximately 2,000 barristers and 200 law clerks. The BSB was working with YouGov to finalise the report which will be distributed to the implementation working group when published. Preliminary results of the survey indicate a significant minority interest in entities, and that most barristers like and prefer the BSB as a regulator. A consultation will follow after the Summer.

IPREG

7. Hosted the LSB road-show on ABS on 9 June 2010 which was regarded as a successful event with a good turn-out of interested members. A write-up of the Q&As discussed at the road-show is now available on the IPREG website.
8. IPREG launched a questionnaire of members who intend to become ABS. Approximately 80 responses have now been received from members. IPREG will do a summary of responses and send around to the ABS Implementation Group members.

SRA

9. SRA reported back anecdotal evidence of wide-scale interest in ABS. SRA noted that some of their external consultants have had dialogue with various private equity groups who showed interest in ABS (from an investment point of view) as well as expressed interest in other new business models of delivering legal services.
10. SRA will be doing a further consultation on 'fit and proper test' and special bodies in October. Other issues currently being looked at by SRA include guidance to new regulatory regime and a cost/benefit analysis assessment of SRA regulatory activities to be published in October. On the latter work-stream, the SRA have engaged an external economic consultant to work with the SRA in quantifying impacts.
11. The New Code was received quite well amongst members and SRA noted progress in the MDP workshop with the establishment of sub-committee groups that will meet next week.

12. At the last MDP meeting an overarching MOU was discussed with sub-committees working underneath it, and bi-lateral arrangements between professional bodies, regulators, etc., concluded underneath the overarching agreement.
13. SRA agreed to report back to ABS Implementation Group progress and issues raised in the MDP workshop. It was also agreed that a more formal note which reports on MDP progress will be produced for the benefit of ABS Implementation Group members.

CLC

14. The CLC are in the process of ascertaining the options for engagement and level of interest amongst members in becoming ABS.
15. CLC are due to consult presently on the draft Code of Conduct in the move to outcomes focused regulation.

MoJ

16. The MoJ noted that on the day of this meeting the new Cabinet Committee on Reducing Regulation met for the first time. It is still uncertain as to what the better regulation landscape will look like in the course of the coming months in the context of public announcements around 'one in, one out' approaches to managing regulation, and the previous government's commitment to simplification targets.
17. Currently, MoJ is updating a 'forward look' spreadsheet of all regulatory measures that are to be implemented over the coming year. This regulatory scan includes details of costs of regulations etc. and is to be scrutinised by the Cabinet Committee on Reducing Regulation.

ICAEW

18. Recent developments include a general practitioner's conference where a number of legal issues were discussed, and a growing interest in the ABS business model was noted.
19. Despite increased awareness amongst accountants as to the commercial possibilities that ABS raises, ICAEW acknowledges that accountants are still around 6-12 months behind the BSB in developing their thinking regarding ABS.

IPS

20. IPS noted that their application on litigation rights is close to be submitting to LSB. Once this application is finalised IPS will turn its attention to ABS-specific work such as working on entity rules for ABS and issues such as compensation arrangements, etc., in light of their work towards submitting an application to become a Licensing Authority.

ICAS

21. ICAS noted that they are taking a 'watching brief' on the Legal Services Bill in Scotland which is expected to be passed in autumn. Elements of the bill have been amended; that is stage 2 amendments have just been finalised and the Justice Committee have now requested stage 3 amendments.

22. It is anticipated that the Scottish Legal Services Bill will be more restrictive in scope than similar legislation for ABS in England and Wales.

LSB to update on impact assessment for ABS

23. LSB is in the process of producing an impact assessment for commencement of part 5 of the Legal Service Act – which primarily deals with establishment of ABS. It is envisaged that the impact assessment will be completed by end of the year so as to be included in support of the laying of the Statutory Instrument in the first quarter of 2011.

24. The ABS impact assessment – as an *ex-ante* assessment – will use a number of low, medium and high scenarios to account for the paucity of data and future projections needed

25. The LSB is adopting a pragmatic approach to quantification and to this end will focus on costs incurred on, and by, LAs and ABS. The impact assessment will focus on marginal costs and benefits over and above the base-case scenario (current status quo). Enforcement costs of non-compliance will also be taken into account.

26. The LSB, in undertaking this analysis, will be in touch with ARs on a bilateral basis to collect data and test some of the assumptions on the impact assessment model.

SRA to update on recent consultation and MDP workshop

27. Refer to SRA's update on progress towards ABS implementation above.

ILEX to discuss LA application

28. Refer to ILEX's update on progress towards ABS implementation above.

Any Other Business

29. The chair noted that the next ABS Implementation Group meeting will occur on 5 August 2010 – and that the meeting will take place the **first Thursday of every month**.