

To:	Board	
Date of Meeting:	27 January 2011	Item: Paper (11) 09

Title:	Licensing Authority Committee – Terms of Reference
Workstream(s):	Workstream 5b: Widening access to the legal market
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Status:	Unclassified

Summary:

At its meeting on 13 December 2010, the Board considered a paper on the steps it needed to take to be able to license Alternative Business Structures from 6 October 2011. The Board agreed in principle that it should establish a committee to keep the situation under review, to advise the Board and, subject to a future Board decision, to ensure necessary action is taken to enable the Board to undertake a Licensing Authority (LA) role. The Legal Services Act 2007 states that a committee's quorum must not be less than three, and that a majority of its members must be 'lay persons' (Schd 1, para 20-21).

This paper sets out proposed Terms of Reference for a Licensing Authority Committee of the Board (**Annex A**) and asks the Board to agree membership of that committee.

Risks and mitigations

Financial:	Medium / high, depending on approach taken.
FoIA:	N/A.
Legal:	The process of becoming an LA will require a high level of legal input, but no specific legal risks have been identified to date.
Reputational:	Depending on the circumstances in which LSB becomes an LA, there could be damage to the LSB's reputation.
Resource:	High – significant resource will be required to undertake the preparation needed, including budget expenditure in Q4 2010/11.

Consultation	Yes	No	Who / why?
Board Members:		✓	
Consumer Panel:		✓	
Others:	N/A.		

Recommendation(s):

The Board is invited to comment on and to agree:

- (a) the Terms of Reference for a Licensing Authority Committee; and
- (b) the membership of the Licensing Authority Committee.

Licensing Authority Committee

Terms of Reference

Responsibilities

- 1) The Legal Services Board (**the Board**) has established a Licensing Authority (**LA**) Committee¹ to fulfil the functions of the Board in preparing to act as, and in its capacity (if any), as a LA and to deal with any matters that arise in relation to those functions.
- 2) These matters may include, but are not limited to:
 - a) keeping the need for the Board to become an LA under active review and to advise the Board accordingly;
 - b) ensuring that necessary action is taken so that the Board can undertake its role (if any) as a LA in a way that is compliant with the Legal Services Act 2007 (**the Act**);
 - c) setting the operational and policy framework for the Board's decisions about the direct licensing and subsequent regulation of Alternative Business Structures (**ABS**);
 - d) taking such decisions and making such arrangements that it judges are necessary within that framework;
 - e) keeping under scrutiny the cost of matters relating to preparing to act as, and acting in its capacity (if any), as a LA.

Authorities

- 3) The Committee is authorised by the Board to:
 - a) act in relation to any activity or topic covered by these Terms of Reference;
 - b) enter into agreements (such as memoranda of understanding or similar) with other bodies to facilitate its LA functions;
 - c) procure, at the expense of the Board, external financial, legal or other independent advice or training, subject to the budgets and any other criteria or policies agreed by the Board;
 - d) delegate, in a manner consistent with any Board delegation, to the Chief Executive and members of the Senior Management Team any of the matters in 2(d) concerning decisions about the licensing and regulation of ABS.

Membership

- 4) The Committee and its Chair will be appointed by the Board from amongst its ordinary Members.
- 5) A majority of the Committee's Members will be lay persons.

¹ LSA 2007, Schedule 1, paragraph 20(1).

Meetings

- 6) The Committee will meet at least three times a year.
- 7) The quorum for a meeting of the Committee will be three Members, attending in person or, in exceptional circumstances, by telephone, video-conferencing facility or email.
- 8) LSB colleagues will attend meetings at the invitation or direction of the Committee.
- 9) The Committee will have the right to direct those attending a meeting to withdraw to facilitate the open and frank discussion of particular matters.
- 10) A Board Member may request the Chair of the Committee to convene an additional meeting of the Committee.
- 11) The Board Secretary will be secretary to the Committee.

Reporting

- 12) The minutes and papers of each meeting of the Committee will be circulated to the Board.
- 13) The Chairman of the Committee will present by not later than 30 April of each year a written report about the activities of the Committee in the preceding financial year to the Board.

Approved by the Board on [●] 2011