

To:	Board
Date of Meeting:	28 March 2012
Item:	Paper (12) 15

Title:	Regulation of non-commercial bodies – consultation paper
Workstream(s):	Workstream 3B: Widening access to the legal services market (see Business Plan 2011/12)
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Status:	Protect

Summary:

The introduction of Alternative Business Structures (ABS) means that legal services providers with non-lawyer owners and/or managers need to be licensed to provide reserved legal activities. Some organisations, such as not for profit agencies (for example Law Centres and Citizens' Advice Bureaux) and Community Interest Companies are given protection for a transitional period, which means that they can currently provide reserved legal services without a licence. Only the Legal Services Board (LSB) can make a recommendation to the Lord Chancellor that he should end the transitional protection.

The Board discussed its approach to the regulation of these bodies at its January 2012 meeting and agreed to consult on how they should be regulated.

Attached at **Annex A** is a draft consultation paper. A draft impact assessment is also being developed.

The Board should note that, in addition to the issues discussed in January, we have also invited comment on our view that it is inappropriate for licensing authorities to have blanket bans on these bodies being able to charge consumers who can afford to pay something towards the cost of legal advice and that we expect any regulator to allow a full range of business structures and to impose restrictions only when there is evidence that they are necessary to prevent harm to consumers (see paragraphs 41-47).

Recommendation(s):

The Board is invited:

- (1) Comment on the draft consultation paper
- (2) Delegate authority to the Chairman and Chief Executive to agree publication of the consultation paper and draft impact assessment

Risks and mitigations

Financial: Not applicable

Legal: Not applicable

Reputational:	Failure to deliver an effective regime for non-commercial bodies could cause reputational harm to LSB and the prospective licensing authority, particularly if regulation is perceived as burdensome
Resource:	Not currently sufficient. Previous policy lead is now working on other issues and there is no identified resource for this project

Consultation	Yes	No	Who / why?
Board Members:		X	Barbara Saunders has been involved in the policy development of our approach (but not the actual drafting of this paper)
Consumer Panel:		X	
Others:	None		

Freedom of Information Act 2000 (Fol)		
Para ref	Fol exemption and summary	Expires
Annex A	S22: intended for future publication	N/A