



EMBARGOED UNTIL WEDNESDAY 18 NOVEMBER 00:01AM:

NEXT STAGE IN LIBERALISING THE PROVISION OF LEGAL SERVICES ANNOUNCED

The Legal Services Board (LSB) is today (18 November) publishing [detailed proposals](#) for reforming the delivery of legal services in England and Wales.

The publication is a major milestone in the process of reforming legal services regulation that began with the Legal Services Act 2007.

Chairman of the Legal Services Board David Edmonds said:

This is the next stage of a process to make legal services more accessible.

Many lawyers are already delivering their services in increasingly innovative ways. But they are operating in ways which mean that they do not have the organisational freedom available to other businesses.

When in place, the new proposals will enshrine and reinforce the essential protections that consumers - and citizens - require. Access to justice and the protection that society as whole has through the maintenance of the rule of law must not be put at risk. The provision of legal services in England and Wales must meet the legitimate demands of the society it serves.

We are proposing the introduction of a common and consistent licensing framework for those lawyers and firms – and those who would like to invest in legal service provision – which should promote wider choice and variety and which has robust consumer protection at its heart.

The new proposals give lawyers – and new business partners - much greater flexibility in how they organise and collaborate with each other and also other professionals. We want to encourage new entrants into the legal services market to bring new ways of working and new competitive pressures. These will increase choice for consumers, whilst offering better-tailored and better value packages of professional services.

So this is not the end of the process – we shall work closely with consumer bodies and the regulatory and representative arms of the profession to get the details right. The job of the LSB is to create a market with proper protections, not to prescribe the detailed rules. That is why this set of proposals is both a challenge and an opportunity to all those who want to innovate, to

diversify and to offer consumers more choice.

Summary of the paper

The [paper](#) proposes removing restrictions that have, until now, prevented non-lawyers from owning legal service businesses. The new rules will mean that lawyers will have new freedoms to provide their services alongside services from non-lawyers, and for existing legal practices to attract new external investment.

A robust framework of consumer protection, professional competence and commercial integrity is at the heart of proposals. The LSB is currently consulting on guidance to govern the licensing of these new models of service delivery. There are three key protections:

- a test to ensure that non-lawyer owners and managers of new forms of legal practice are fit and proper;
- the introduction of two new roles in every new firm: the Head of Legal Practice and Head of Finance and Administration who will ensure compliance with licence requirements;
- a widening of the complaints handling system to deal with complaints about firms that do not deliver legal services in isolation but instead offer these alongside other services (for example, financial services) whilst ensuring access to the Office for Legal Complaints.

The new framework aims to ensure that lawyers and non-lawyers alike have the commercial freedom to provide legal services to consumers in ways that harness commercial creativity, maximise business efficiencies, embed professional ethics and meet consumer demand.

It has the potential to allow consumers to access their legal services in a variety of new different ways, for example as a part of a 'one stop shop' with other professional services such as insurance, tax advice and accountancy, or through existing legal practices diversifying and developing with the benefit of external investment.

The guidance announced today sets out principles that new 'licensing authorities' will be expected to regulate in accordance with, anticipating that the first licences will be issued by mid 2011.

The responsibility for ensuring the removal of current restrictions on individual lawyers preventing them from developing new forms of practice lies with the eight Approved Regulators overseen by the LSB.

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Notes for editors:

1. The Legal Services Act 2007 ('the Act') provides for the creation of the Legal Services Board as the oversight regulator for legal services in England and Wales.
2. The legal profession currently consists of around 15,000 barristers, 108,000 solicitors and 14,000 individuals operating in other aspects of the legal profession such as conveyancing. The sector is currently valued at £23.34 billion per year.
3. The LSB oversees eight "approved regulators", which in turn regulate individual lawyers and organisations. The eight approved regulators, designated under Part 1 of Schedule 4 of the 2007 Act, are the Law Society, the Bar Council, the Master of the Faculties, the Institute of Legal Executives, the Council for Licensed Conveyancers, the Chartered Institute of Patent Agents, the Institute of Trade Mark Attorneys and the Association of Law Costs Draftsmen.
4. Part 5 of the Act, beginning at section 71, provides for the creation of Alternative Business Structures – permitting new models for delivering legal services.