

EMBARGOED UNTIL THURSDAY 6 OCTOBER 2011 AT 00:01

New Regulation for New Legal Business Models

**Implementation of double reform package “A landmark for consumers”
says Edmonds**

6 October 2011 marks two major milestones in reforming the legal landscape in England and Wales:

- The Council for Licensed Conveyancers (CLC) will be issuing the first ABS licence today and is considering a further 20 applications.
- The Solicitors’ Regulation Authority (SRA)’s move to Outcome Focused Regulation (OFR) takes full effect.

The Legal Services Board - the independent body overseeing the regulation of lawyers in England and Wales – today welcomed both developments. **The Chairman, David Edmonds** said:

“Today is a landmark for two reasons. For consumers, ABS opens the way for new models for businesses offering legal services. Our belief is that this will lead to better value services, as well as helping to bring about easier access to justice for more citizens in England and Wales. For firms, I believe that it will help to generate growth at a critical time – both inside the sector for individual firms and, more widely, through the industry’s contribution to the UK economy.

This is an important move forward after three years work by the Board and our partners across the approved regulators and in the Ministry of Justice. We inherited a timetable of ABS implementation in 2013 and have beaten that by fifteen months. That’s an achievement we can all be proud of.

I congratulate the CLC in becoming the first regulator of ABS and look forward to the SRA joining them before the end of the year.

Both organisations now have to continue making the market work better for consumers. That is why it's so important that they have made the very significant shift from rigid rule books to outcome and risk-focused regulation, not just for ABS but for all the firms they regulate. Greater freedom to compete and innovate should bring major benefits for consumers. Enabling this to happen – and backing it up with risk-based supervision and strong enforcement when things go wrong – is a key part of the regulators' public interest remit. The LSB and the other regulators will ensure that this is achieved in practice.”

The Council for Licensed Conveyancers is the first regulator to be able to issue licences to new forms of legal service providers. From today, non-lawyer ownership of firms will be allowed as a key part of opening up the market and increasing choice for consumers of legal services. These firms can access external capital and allow lawyers and non-lawyers jointly to own and run the business together.

The aim is to modernise the market by increasing innovation and competition. For example, in some business models, consumers will be able to purchase packages of services, which combine legal support with, for example, accountancy, tax or insurance advice. Outdated barriers to entry are being removed, but strong “fitness to own” tests will ensure proper consumer protection.

Subject to Parliamentary approval, the SRA will begin to license solicitor-led ABS from the end of this year.

The SRA's new Handbook for all solicitors' firms also takes effect today. This move to Outcome Focused Regulation gives more freedom and more responsibility to law firms in ensuring that they achieve 10 key principles. A significantly shorter Handbook is being backed by more intensive risk and supervisory mechanisms to ensure that a proper balance between freedom for firms and consumer protection is achieved in practice.

Jonathan Djanogly MP, Parliamentary Under-Secretary of State at the Ministry of Justice said:

“This is a landmark day for the UK legal industry. Our legal services are already rated among the best in the world, used by millions of people around the globe as well as in the UK, and these changes will set them up to move to new heights. They will enable firms to set up multi-disciplinary practices and provide opportunities for growth. Potential customers will find legal services become more accessible, more efficient and more competitive.”

For more information please contact Craig Jones, Media and Public Affairs Manager, on craig.jones@legalservicesboard.org.uk or by calling 020 7271 0068 / 07702 428210

Notes for editors:

1. The issuing of the first licences for ABS will be marked by a reception to be held at the LSB on 6 October 2011. The event will be addressed by **LSB Chairman David Edmonds, Parliamentary Under-Secretary of State Jonathan Djanogly MP** and **CLC Chair Anna Bradley**. Advance copies of two speakers' remarks have been included with this press notice.
2. For more information about ABS and the background to the reforms, please refer to the briefing note, also attached, which has been prepared jointly by the LSB, the CLC and the SRA.
3. On 6 October 2011, both the SRA and the CLC will also be launching new handbooks designed to implement a more outcomes-focused approach to regulation. Queries on the SRA Handbook should be directed to Cyrrhian Macrae, Solicitors Regulation Authority who can be reached on 01926 487158 or 07792 447104.
4. Queries concerning the businesses to be licensed by the CLC should be addressed to Jo O'Driscoll, Council for Licensed Conveyancers, who can be reached on 07802 181249. Or her colleague David Gladwin who is contactable on 01245 349599. Enquiries concerning the CLC's more outcomes-focused approach to regulating conveyancers should also be addressed to Jo or David.
5. The Legal Services Act ("The Act") created the Legal Services Board as a new regulator with responsibility for overseeing the regulation of legal services in England and Wales. The new regulatory regime became active on 1 January 2010.
6. The LSB oversees eight Approved Regulators, which in turn regulate individual lawyers. The 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 Attorneys, the Institute of Trade Mark Attorneys and the Association of Costs Lawyers.
7. In addition, the Institute of Chartered Accountants in Scotland and the Association of Chartered Certified Accountants are listed as Approved Regulators in relation only to reserved probate activities.
8. The legal profession currently consists of some 15,000 barristers, 119,000 solicitors and 12,000 individuals operating in other aspects of the legal profession such as conveyancing. The sector was valued at £24.74 billion per annum (total turnover) in 2009.