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LSB responds to consultation by revising plans for regulation of special bodies

Special bodies – including not-for profit agencies and community interest companies – providing reserved legal activities will not become licensed under the Legal Services Act 2007 until at least April 2015, the LSB confirms today.

Statutory transitional protections for such bodies need to remain in place for at least the next two years because there is, at present, no regulator ready to provide an appropriate licensing framework.

The LSB consulted on proposals to end the transitional protections for special bodies in its April 2012 document “Regulation of special bodies/non-commercial bodies”. More than 20 organisations responded, including bodies that would be affected by the proposals, academics and regulators.

After considering the range of responses received, the LSB concludes that:

- licensing special bodies would provide beneficial consumer protections to users of such services (including providing a right of access to the Legal Ombudsman) and is justified by reference to the regulatory objectives in the 2007 Act
- the complexity of the current regulatory framework is not suited to the needs of special bodies, and
- potential licensing authorities will therefore need to do significant work to put in place an appropriate framework which can be approved for operation.

The LSB believes that with suitable momentum, potential licensing authorities should be ready to receive applications from special bodies in need of a licence by April 2014, with a view to them being granted a licence no earlier than April 2015.

The consultation has also confirmed the LSB’s view that two other matters require urgent attention by the Solicitors Regulation Authority, well before the end of the transitional period:

- the removal of the current ban on charging by not for profit bodies, particularly in light of the sector’s desire to seek new and innovative ways to serve their user communities

- the removal of the prohibition on separate businesses; any risks can be adequately managed on a case by case basis without the damping effect that a blanket ban has.

Speaking today, **Chris Kenny, LSB Chief Executive** said:

“The open and frank way in which the not for profit sector has engaged with this consultation has meant that our approach to recommending the ending of the statutory transitional period is more specific and targeted.

Special bodies are a vital component of the justice system. They need a regulatory framework that is proportionate and reflective of the needs of consumers and organisations alike, but does not generate unnecessary cost and complexity. Our consultation has concluded that such a framework does not exist at present.

By confirming that transitional protections will not end until at least April 2015, and not before a licensing authority is in place, we hope to provide certainty to special bodies and incentives to regulators to develop the necessary proportionate controls in the course of 2013-14. But if the sector is to be able to seek new opportunities to help meet the inevitable challenges ahead, it also needs to see an early end to existing and unnecessary regulatory controls”

ENDS

For further information, please contact our Communications Manager, [Vincent McGovern](#), on 020 7271 0068.

Notes for editors:

1. The LSB is required to consider how and when to bring non-commercial bodies providing reserved legal activities into the scope of regulation. This is because the Legal Services Act 2007 allows certain categories of bodies – including not-for-profit organisations, community interest companies and some trade unions – to carry out reserved legal activities without a licence for a transitional period only. The introduction of alternative business structures means that where these bodies provide reserved legal services (because they have non-lawyer owners or managers) they will need to be licensed in order to conduct reserved legal activities going forward.
2. The response to the consultation and proposed next steps is available [here](#).
3. The LSB [consulted](#) on the regulation of special bodies/non-commercial bodies between 23 April and 16 July 2012. An [impact assessment](#) and [equality impact assessment](#) were produced for this consultation. Individual responses to the consultation can be found [here](#).

4. 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.
5. 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.
6. 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.
7. The list of '**reserved legal activities**' (those that only qualified lawyers, such as a solicitor or barrister, can undertake) includes conveyancing, litigation, probate and advocacy. However, it does not include other common services such as will-writing, employment law or general legal advice.
8. The legal profession currently consists of 15,309 barristers, 119,641 solicitors and 12,145 individuals operating in other aspects of the legal profession such as conveyancing. The sector is currently valued at £25.49 billion per annum (total turnover in 2010).