

REPORT TO: CILEx REGULATION BOARD

FOR: DECISION

DATE: 18 JULY 2017

REPORT TITLE: ABS LICENSING APPLICATION

SUBMITTED BY: Victoria Purtill, Director of Authorisation and Supervision

PURPOSE OF REPORT:

1. This paper seeks formal approval to submit an application on behalf of CILEx for designation as a Licensing Authority to enable CILEx Regulation to licence Alternative Business Structures (ABS).
2. The ABS Working Group has overseen the development of the application and is made up of representatives from both the CILEx Council and the CILEx Regulation Board. The Working Group, following its meeting of 19 June 2017, recommended the submission of the application.

BACKGROUND

3. Attached to this paper are the following documents:
 - Supporting approval information (Confidential) (Annex 1)
 - The draft application to the Legal Services Board (Annex 2)
 - The draft Licensing Rules (Annex 3)
 - The business plan (Annex 4) – this has been left in tracked changes to enable those who have seen this document previously to see the updated position
 - Consultation analysis (Annex 5).
4. These papers set out the case for CILEx Regulation making an application to become a Licensing Authority and the rules which will govern the application process for entities seeking to become a licensed body (i.e. an ABS).
5. We have been in discussion with the LSB throughout the application development phase to ensure as far as possible that all considerations have been understood and addressed through the application documentation. This draft of the application is currently with the LSB for final review prior to submission and therefore may be subject to further minor changes, but the substance of the application will remain as set out.
6. Submission of the application is dependent upon the approval of the changes to the compensation arrangements. This application is considered separately in the Board papers. Once the changes to the compensation arrangements are approved by the Legal Services Board, we will then be able to submit the application for designation as a Licensing Authority. The plan, in relation to application to change the compensation arrangements, is to submit this

application by the end of July. A decision is expected from the Legal Services Board within 28 days of the application. Therefore, it is expected that we will be in a position to submit the ABS application in August 2017, with a decision expected in February 2018, although under the Legal Services Act, the decision by the LSB can take up to 12 months.

RECOMMENDATION:

- If approved, the application will be submitted to the LSB once the compensation arrangement amendments have been approved by the LSB.
- The Board is asked to approve the submission of the ABS designation for approval.

IMPACT ASSESSMENT:

Public/Consumer	
Consumer	Widens choice to consumer and increases access to legal services. Existing protections provided on same basis as current entities.
Public interest	Aligned with increasing access to justice and widening choice in market
Environment	None
Regulated Community	
Cost of Regulation	No direct impact on regulatory costs as intention to be self-funding from entity fees
Equality and Diversity	No direct impact
Us	
Reputation/Brand	Extends the regulatory services we can offer to all authorised persons and positions CILEx Regulation as a regulatory of all types of legal services providers
Resources:	Utilises existing resources within the entity team for development and implementation. Required input from other managers. Requires resource from CILEx to promote offering.
Operations:	Time resource has been committed by the Senior Team and managers in associated work. The next stage will be development and implementation work to embed ABS within operational processes.
Risk:	No demand for ABS. Other regulators offer ABS so restricts are potential market and position amongst Approved Regulators.
Finance:	Budgets in place and modest growth forecast at outset.
Legal:	Implementation of legislative requirements for Licensing and change of existing rules.
IT:	Upgrade of IT to allow for ABS firms & non-lawyer details.

ANNEXES:

Annex 1: Supporting approval information (Confidential)
Annex 2: Draft application to the Legal Services Board
Annex 3: Draft Licensing Rules
Annex 4: Business plan
Annex 5: Consultation analysis