

# Alternative Business Structures, Alternative Business Values?

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17th October 2008, Torquay



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- A long journey
- From cottage industry to modern business models.
- The pressure from outside for change
- Preserving professionalism
- More competition but essentially legal services will be delivered by lawyers.



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# A long journey

- Office of Fair Trading: first steps of reform
- Clementi: the catalyst for reform
- Legal Services Act: the culmination of 18 months of parliamentary scrutiny and debate
- Full implementation: 3-4 years



# Central objectives of the Act

- Statutory objectives and duties for all regulatory bodies
- Establishing the Legal Services Board (LSB)
- Establishing the Office for Legal Complaints (OLC)
- Facilitating alternative business structures (ABS) - new practice models with enhanced involvement for non-lawyers



# Why the need for change?

- Nature of market in England and Wales:
  - Constantly growing in size and complexity
  - Multiple regulatory bodies with overlapping roles - “a regulatory maze”
  - Pressure from the consumer lobby
  - Competition hampered by outdated and inconsistent restrictions on practice



# The Solicitors' Profession

- 16 billion in earnings for the UK economy
- 1.5% of GDP, 50% more than accountancy
- 286,000 employed in the legal sector
- 140,000 solicitors on the roll
- 108,000 paying PC fees
- 25% of the profession in house



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# Clementi Report: 2004

- Main recommendations:
  - Legal Services Board (LSB) - oversight regulator for different branches of profession
  - Office for Legal Complaints (OLC) - independent complaints handling body
  - Alternative business structures (ABS) - more flexibility in legal practice structures

