Draft Order laid before Parliament under section 206(4) and (5) of the Legal Services Act 2007, for approval by resolution of each House of Parliament.

DRAFT STATUTORY INSTRUMENTS

2011 No.

LEGAL SERVICES, ENGLAND AND WALES

The Legal Services Act 2007 (The Law Society and The Council for Licensed Conveyancers) (Modification of Functions) Order 2011

Made - - - - ***

Coming into force in accordance with article 2

The Lord Chancellor makes the following Order in exercise of the powers conferred by sections 69 and 204(3)(a), (b), (c) and (e) and (4)(a) of the Legal Services Act 2007(**1**).

In accordance with section 69(2) of that Act, the Order is made following a recommendation made by the Legal Services Board to which was annexed a draft Order in a form not materially different from this Order.

The Legal Services Board has made the recommendation with the consents required by section 70(1) of that Act and after complying with the requirements in section 70(2) to (5) of that Act.

A draft of this Order has been approved by a resolution of each House of Parliament pursuant to section 206(4) and (5) of that Act.

Citation

1. This Order may be cited as the Legal Services Act 2007 (The Law Society and The Council for Licensed Conveyancers) (Modification of Functions) Order 2011.

Commencement

2.—(1) Subject to paragraphs (2) to (4), this Order comes into force on the day after the day on which it is made.

(2) Articles 5 and 6—

(i) do not have effect unless an Order is made designating the Law Society as a licensing authority under Part 1 of Schedule 10 to the 2007 Act in relation to one or more reserved legal activities; and

(**1**) 2007 c.29.

(ii) where such an Order is made, come into force at the same time as that Order.

(3) Article 9(1), (2) and (4) come into force on 30th September 2011 or, if later, the day after the day on which this Order is made.

(4) Articles 9(3) and 10—

(i) do not have effect unless an Order is made designating the Council for Licensed Conveyancers as a licensing authority under Part 1 of Schedule 10 to the 2007 Act in relation to one or more reserved legal activities; and

(ii) where such an Order is made, come into force at the same time as that Order.

Interpretation

3. In this Order—

"the 1985 Act" means the Administration of Justice Act 1985(**2**);

"the 2007 Act" means the Legal Services Act 2007;

"material interest" has the same meaning as in Schedule 13 to the 2007 Act.

Functions of the Law Society

Power to charge periodical fees for recognised bodies

4. In section 9 of the 1985 Act (which makes provision as to the recognition and regulation of recognised bodies) (**3**), in subsection (2), after paragraph (aa), insert—

"(ab) requiring recognised bodies, or descriptions of recognised body, to pay periodical fees of such amount as the Society may from time to time determine;".

Extension of the power to make compensation rules for a transitional period

5. The Schedule to this Order (which provides for compensation rules to extend to licensed bodies in respect of a transitional period) has effect.

Power to make licensing rules to require payment of certain costs

6.—(1) Licensing rules made by the Law Society may make provision requiring a relevant person to pay charges to the Law Society in respect of costs incurred by the Law Society in ascertaining whether—

(a) the terms of a licensed body's licence are being, or have been, complied with; or

(b) the relevant person otherwise complies, or has complied, with any requirement imposed on the person by or under the 2007 Act or by licensing rules made by the Law Society.

(2) The provision which may be made under paragraph (1) includes provision as to the circumstances in which—

(a) charges may be imposed on a relevant person;

(b) the whole or part of any charge payable under the licensing rules is to be repaid.

(**2**) 1985 c.61.

(**3**) Section 9 was amended by paragraph 54 of Schedule 18, and Schedule 20, to the Courts and Legal Services Act 1990 (c.41), Part 2 of Schedule 15 to the Access to Justice Act 1999 (c.22) and paragraphs 80 and 81 of Schedule 16, and Schedule 23, to the Legal Services Act 2007; and by S.I. 2000/1119 and 2001/1090.

(3) Any charge which a relevant person is required to pay under licensing rules made under paragraph (1) is recoverable by the Law Society as a debt due to the Law Society from the relevant person.

(4) In this article—

(a) references to the Law Society are to the Law Society in its capacity as a licensing authority;

(b) references to a licensed body are to a licensed body which holds a licence granted by the Law Society; and

(c) references to a relevant person, in relation to a licensed body, are to—

(i) the licensed body;

(ii) any employee or manager (or former employee or manager) of the licensed body;

(iii) the Head of Legal Practice(**4**) of the licensed body;

(iv) the Head of Finance and Administration(**5**) of the licensed body;

(v) any person who has an interest or an indirect interest, or holds a material interest, in the licensed body.

Functions of the Council for Licensed Conveyancers

Power to issue licence for fixed or indefinite period

7. In section 15 of the 1985 Act (issue of licences by Council)(**6**), after subsection (4) insert—

"(4A) The period specified in a licence under subsection (4) may be a fixed or indefinite period.".

Compensation payments

8. In section 21 of the 1985 Act (professional indemnity and compensation)(**7**), for subsections (2A) and (2B) substitute—

"(2A) The power of the Council to make rules under subsection (2) shall apply in relation to the practices of licensed conveyancers mentioned in subsection (2B) as it applies to their practices as licensed conveyancers.

(2B) The practices referred to in subsection (2A) are the practices of licensed conveyancers which consist of carrying on a relevant activity by virtue of a licence issued under section 53 of the Courts and Legal Services Act 1990(**8**) (which provides for the Council to authorise the carrying on of certain reserved legal activities in relation to which the Council is designated as an approved regulator).

(2C) For the purposes of subsection (2B) "relevant activity" has the same meaning as in section 53 of the Courts and Legal Services Act 1990.".

(**4**) Section 91 of, and paragraphs 11 and 12 of Schedule 11 to, the Legal Services Act 2007 make provision for the Head of Legal Practice.
(**5**) Section 92 of, and paragraphs 13 and 14 of Schedule 11 to, the Legal Services Act 2007 make provision for the Head of Finance and Administration.
(**6**) Section 15 was amended by paragraph 23 of Schedule 8 to the Courts and Legal Services Act 1990 and paragraphs 1 and 4 of Schedule 17, and Schedule 23, to the Legal Services Act 2007.
(**7**) Section 21 was amended by S.I. 2001/3649 and 2008/537.
(**8**) Section 53 was amended by paragraphs 33 and 34 of Schedule 17, and Schedule 23, to the Legal Services Act 2007.

Constitution of the Council

9.—(1) Schedule 3 to the 1985 Act (the Council for Licensed Conveyancers: supplementary provisions)(**9**) is amended as follows.

(2) For paragraph 2 (membership of the Council for Licensed Conveyancers) substitute—

"**2.**—(1) The Council shall consist of—

(a) not more than ten persons who are—

(i) licensed conveyancers; or

(ii) other persons practising as authorised persons in the course of a business which is carried on by a recognised body; and

(b) not more than eleven persons who are lay persons,

being persons appointed as members of the Council in accordance with a scheme under paragraph 4.

(2) The Council shall in accordance with any such scheme appoint one of its members to be chairman of the Council.

(3) In sub-paragraph (1)—

"authorised person" has the meaning given by section 32A(**10**);

"lay person" has the same meaning as in Schedule 1 to the Legal Services Act 2007 (see paragraph 2 of that Schedule).".

(3) In paragraph 2, as substituted by paragraph (2) above—

(a) in sub-paragraph (1)(a)(ii), for the words "by a recognised body" substitute "either by a recognised body or by a licensed body which holds a licence granted by the Council"; and

(b) after the definition of "lay person" in sub-paragraph (3), insert—

""licensed body" has the same meaning as in the Legal Services Act 2007 (see section 71).".

(4) For paragraph 4(2) (requirements applying to scheme for appointment of Council members) substitute—

"(2) A scheme under this paragraph shall secure that (except during any casual vacancy) the total number of persons appointed for the purposes of paragraph (b) of paragraph 2(1) exceeds by one the total number of persons appointed for the purposes of paragraph (a) of that provision.".

Power to make licensing rules to require payment of certain costs

10.—(1) Licensing rules made by the Council for Licensed Conveyancers may make provision requiring a relevant person to pay charges to the Council in respect of costs incurred by the Council in ascertaining whether—

(a) the terms of a licensed body's licence are being, or have been, complied with; or

(b) the relevant person otherwise complies, or has complied, with any requirement imposed on the person by or under the 2007 Act or by licensing rules made by the Council for Licensed Conveyancers.

(**9**) Paragraph 2 of Schedule 3 was amended by paragraphs 1 and 29(1) to (4) of Schedule 17, and Schedule 23, to the Legal Services Act 2007. Paragraph 4(2) of Schedule 3 was amended by paragraphs 1 and 29(1) and (7) of Schedule 17 to the Legal Services Act 2007.

(**10**) Section 32A was inserted by paragraphs 1 and 21 of Schedule 17 to the Legal Services Act 2007.