

<b>Title:</b> <b>Alternative Business Structures:  Appellate body order for the Council for  Licensed Conveyancers</b>  <b>Lead department or agency:</b> Ministry of Justice <b>Other departments or agencies:</b> Legal Services Board (LSB)	<b>Impact Assessment (IA)</b>
	<b>IA No:</b> MoJ 91
	<b>Date:</b> 17 May 2011
	<b>Stage:</b> Final
	<b>Source of intervention:</b> Domestic
	<b>Type of measure:</b> Secondary legislation
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## Summary: Intervention and Options

### What is the problem under consideration? Why is government intervention necessary?

The Legal Services Act 2007 (LSA 2007) states that a licensing authority (LA) must make provision in its licensing rules for appeals by alternative business structure (ABS) businesses. The Council of Licensing Conveyancers (CLC) may apply to become a LA, but will only be able to act as an LA once an appeals process is put in place. Government intervention is required as an appeals process for the CLC can only be established by an order under section 80 of the LSA 2007.

### What are the policy objectives and the intended effects?

The policy objective is to put in place an appeal mechanism to hear appeals against decisions made by the CLC in its function as an LA (should it be designated as a LA). The costs and processes for the appeal mechanism are intended to be transparent, efficient, fair, and public. The body hearing the appeals should have sufficient resources and expertise to deal with potentially complex issues related to ABS.

In future, the intention (subject to further consultation) is for a single body to hear appeals against decisions made by regulators of legal services, regardless of the type of legal service being provided, and regardless of whether those appeals are made by ABS businesses or existing legal services providers.

### What policy options have been considered? Please justify preferred option (further details in Evidence Base)

**Option 0:** Do nothing (base case).

**Option 1:** The First-tier Tribunal acts as the appeals body for appeals against decisions of the CLC when acting as a LA.

**Option 2:** The CLC's Discipline and Appeals Committee (DAC) - the existing appeals mechanism for certain decisions made by the CLC in its capacity as an approved regulator - acts as the appeals body for appeals against decisions of the CLC when acting as a licensing authority.

Option 1 is preferred as the expertise of the First-tier Tribunal is considered more appropriate for the potentially complex issues that ABS appeals may involve. The jurisdiction can also be expanded in the future to create a single consistent appeals mechanism for all legal services that is efficient and effective.

**Will the policy be reviewed?** n/a **If applicable, set review date:** n/a

**What is the basis for this review?** n/a **If applicable, set sunset clause date:** Month/Year

**Are there arrangements in place that will allow a systematic collection of monitoring information for future policy review?**

**Yes**

**Minister's Sign-off** For implementation stage Impact Assessments:

*I have read the Impact Assessment and I am satisfied that (a) it represents a fair and reasonable view of the expected costs, benefits and impact of the policy, and (b) that the benefits justify the costs.*

Signed by the responsible Minister:



Date: 17<sup>th</sup> May 2011

# Summary: Analysis and Evidence Policy Option 1 – preferred option

Description: First-tier Tribunal as the appellate body for appeals against CLC decisions

Price Base Year	PV Base Year	Time Period	Net Benefit (Present Value (PV)) (£m)		
			Low:	High:	Best Estimate:

  

COSTS (£m)	Total Transition (Constant Price) Years	Average Annual (excl. Transition) (Constant Price)	Total Cost (Present Value)
Low	N/A	N/A	N/A
High	N/A	N/A	N/A
Best Estimate			

Description and scale of key monetised costs by ‘main affected groups’

### Other key non-monetised costs by ‘main affected groups’

Initial adjustment costs for all affected parties. Additional ongoing resource costs from appeals being heard at the First-tier Tribunal, which ultimately are likely to be met by the consumers of legal services in the form of higher prices. The number of additional appeals is expected to be small, meaning additional costs are not expected to be significant.

BENEFITS (£m)	Total Transition (Constant Price) Years	Average Annual (excl. Transition) (Constant Price)	Total Benefit (Present Value)
Low	N/A	N/A	N/A
High	N/A	N/A	N/A
Best Estimate			

Description and scale of key monetised benefits by ‘main affected groups’

### Other key non-monetised benefits by ‘main affected groups’

ABS businesses gain the right to appeal. Additional business income for service providers involved in the increase in appeal activity, e.g. providers of legal advice and representation services. Society may benefit from increased confidence in the operation of the legal services market, and providing ABS businesses with the right to appeal may be seen as fairer from society’s perspective. An effective appeals mechanism may improve regulatory decision-making and lead to a more efficient legal services market, with benefits also applying to consumers.

<b>Key assumptions/sensitivities/risks</b>	<b>Discount rate (%)</b>	N/A
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Key risk that the number of additional appeals as a result of the proposal is unknown, but expected to be low. A greater volume of appeals would increase the magnitude of all impacts identified. Assumed an appeal would last around two days on average. Assumed that the location of appeals would have no significant impact on the compliance of ABS businesses, on the investigation activities of the CLC, or on the volume of appeals, or on the take-up of ABS. Assumed that appeals could be dealt with using existing Tribunals capacity, e.g. buildings. Assumed that both the CLC and ABS businesses would be legally represented at an appeal.

<b>Direct impact on business (Equivalent Annual) £m):</b>	<b>In scope of OIOO?</b>	<b>Measure qualifies as</b>
<b>Costs:</b>	<b>Benefits:</b>	<b>Net:</b>
	No	NA

# Summary: Analysis and Evidence

# Policy Option 2

Description: The CLC Discipline and Appeals Committee (DAC) is the appellate body for the CLC

Price Base Year	PV Base Year	Time Period	Net Benefit (Present Value (PV)) (£m)		
			Low:	High:	Best Estimate:

COSTS (£m)	Total Transition (Constant Price) Years	Average Annual (excl. Transition) (Constant Price)	Total Cost (Present Value)
Low	N/A	N/A	N/A
High	N/A	N/A	N/A
Best Estimate			

Description and scale of key monetised costs by 'main affected groups'

Other key non-monetised costs by 'main affected groups'

Costs as set out in Option 1. Additional ongoing resource costs are expected to be smaller per case as the cost of hearing appeals at the DAC is expected to be lower than the cost per case at the First-tier Tribunal. Other resource costs, e.g. costs of legal representation, are assumed to be the same. The total volume of appeal cases is assumed to be the same, hence total additional ongoing resource costs are expected to be lower under Option 2. This is potentially a strong assumption.

BENEFITS (£m)	Total Transition (Constant Price) Years	Average Annual (excl. Transition) (Constant Price)	Total Benefit (Present Value)
Low	N/A	N/A	N/A
High	N/A	N/A	N/A
Best Estimate			

Description and scale of key monetised benefits by 'main affected groups'

Other key non-monetised benefits by 'main affected groups'

Benefits as set out in Option 1. These benefits are expected to be smaller in magnitude (apart from benefits to providers of legal advice and representation services) as it is assumed that the quality of decision making may be greater at the First-tier Tribunal. The First-tier Tribunal is expected to have a greater level of expertise in relation to the complex issues that may arise in relation to ABS appeals. Decision making by the CLC in its functions as a LA may as a result be worse under this option.

Key assumptions/sensitivities/risks

Discount rate (%)

N/A

A key assumption is that the DAC and Tribunal are as operationally efficient as each other and that differences in their operating costs reflect differences in the quality of appeal services provided. Another key assumption is that the volume of cases is the same under both Options, although this may differ given the cost and quality differences. The other assumptions and risks are as set out in Option 1. Assumed that appeals could be dealt with using existing CLC capacity.

Direct impact on business (Equivalent Annual) £m):			In scope of OIOO?	Measure qualifies as
Costs:	Benefits:	Net:	No	NA

## Enforcement, Implementation and Wider Impacts

What is the geographic coverage of the policy/option?	England and Wales				
From what date will the policy be implemented?	06/10/2011				
Which organisation(s) will enforce the policy?	HMCTS				
What is the annual change in enforcement cost (£m)?	N/A				
Does enforcement comply with Hampton principles?	Yes				
Does implementation go beyond minimum EU requirements?	N/A				
What is the CO <sub>2</sub> equivalent change in greenhouse gas emissions? (Million tonnes CO <sub>2</sub> equivalent)	<b>Traded:</b>		<b>Non-traded:</b>		
Does the proposal have an impact on competition?	Yes				
What proportion (%) of Total PV costs/benefits is directly attributable to primary legislation, if applicable?	<b>Costs:</b>		<b>Benefits:</b>		
Annual cost (£m) per organisation (excl. Transition) (Constant Price)	<b>Micro</b>	<b>&lt; 20</b>	<b>Small</b>	<b>Medium</b>	<b>Large</b>
Are any of these organisations exempt?	No	No	No	No	No

## Specific Impact Tests: Checklist

Does your policy option/proposal have an impact on...?	Impact	Page ref within IA
<b>Statutory equality duties<sup>1</sup></b>	No	10
<b>Economic impacts</b>		
Competition	Yes	10
Small firms	No	11
<b>Environmental impacts</b>		
Greenhouse gas assessment	No	11
Wider environmental issues	No	11
<b>Social impacts</b>		
Health and well-being	No	11
Human rights	No	11
Justice system	Yes	11
Rural proofing	No	11
<b>Sustainable development</b>	No	12

<sup>1</sup> Race, disability and gender Impact assessments are statutory requirements for relevant policies. Equality statutory requirements will be expanded 2011, once the Equality Bill comes into force. Statutory equality duties part of the Equality Bill apply to GB only. The Toolkit provides advice on statutory equality duties for public authorities with a remit in Northern Ireland.

## Evidence Base (for summary sheets) – Notes

### References

No.	Legislation or publication
1	Legal Services Act 2007 <a href="http://www.opsi.gov.uk/acts/acts2007/ukpga_20070029_en_1">http://www.opsi.gov.uk/acts/acts2007/ukpga_20070029_en_1</a>
2	
3	
4	

# Evidence Base (for summary sheets)

## 1. Introduction

### Background

- 1.1 The Legal Services Board (LSB) was created by the Legal Services Act 2007 (LSA 2007) and is charged with the responsibility of overseeing the regulators of legal services and ensuring that its activities reflect the regulatory objectives set out in the LSA 2007. The LSB's mandate is to ensure that regulation in the legal services industry is carried out in a manner that is consistent with the public interest and that the interest of consumers is central in policy making.
- 1.2 The LSA 2007 enables the operation of Alternative Business Structures (ABS). ABS permits the management and ownership of legal firms by non-lawyers. The LSA 2007 also sets out the framework for designating Licensing Authorities (LAs) and their statutory basis to license ABS. In order to regulate ABS, Approved Regulators (ARs) can be designated as LAs. The licensing rules of LAs come into force when the LA is designated.
- 1.3 The LSA 2007 provides the Lord Chancellor with an order making power (to be exercised only on the recommendation of the LSB) to establish a new body to hear and determine the appeals, or make provision about an existing body for the purpose of enabling it to hear and determine the appeals.
- 1.4 A mechanism is required to hear appeals by ABS businesses against decisions of the Council for Licensed Conveyancers (CLC) should it be designated as a LA under part 5 of the LSA 2007. In relation to its existing role as an approved regulator, disciplinary and appeals matters are dealt with by the CLC's Discipline and Appeals Committee (DAC), a statutory committee established under the Administration of Justice Act 1985. An order under section 80 of the LSA 2007 could amend the functions of this committee for the purposes of hearing and determining ABS appeals. Alternatively, an order under section 80 could provide for the appeals to be heard by the First-tier Tribunal, which is part of the unified tribunals structure established under the Tribunals, Courts and Enforcement Act 2007 and administered by HM Courts and Tribunals Service.
- 1.5 The First-tier Tribunal combines a number of previously separate administrative tribunals into one unified structure, which has its own infrastructure and administrative support function. The First-tier Tribunal is made up of a variety of jurisdictions which are grouped into Chambers, including the General Regulatory Chamber (GRC) which consists of a number of jurisdictions concerned with hearing appeals against the decisions of regulatory bodies.
- 1.6 There are some explicit appeal rights under the LSA 2007 (section 96 and Schedule 13), concerning decisions to impose a financial penalty or to impose restrictions on the ownership of a licensed body. Licensing rules made by the CLC will also include rights of appeal. The LSB has issued guidance specifying those decisions which, as a minimum, the LSB considers ought to be appealable. We expect the following decisions of licensing authorities to be appealable as they could affect a person's civil rights (the relevant sections of the LSA 2007 are shown in brackets):
  - Refusal of application for a licence (s.84)
  - Imposition of conditions on a licence (s.85)
  - Modification of licence (s.86)
  - Refusal to designate as Head of Legal Practice, or withdrawal of approval (Schedule 11, paragraph 12)
  - Refusal to designate as Head of Finance and Administration, or withdrawal of approval (Schedule 11, paragraph 14)
  - Disqualification from some or all roles within a licensed body (s.99)
  - Suspension and revocation of licence (s.101)
  - Power to modify application of licensing rules etc to special bodies (ss.106 and 107)
- 1.7 We anticipate that if the LSB decides to recommend the designation of the CLC as a LA, it will take effect in autumn 2011.

## Problem under consideration

1.8 If no provision is made in an order under section 80 of the LSA 2007 for appeals, it will not be possible to designate the CLC as a LA. It will not therefore be possible for ABS businesses to be licensed by the CLC, and the net benefits associated with the introduction of ABS will not be achievable in relation to the services regulated by the CLC. Government intervention is required as an appeals process can only be established by an order under section 80 of the LSA 2007.

## Economic rationale

- 1.9 The conventional economic approach to government intervention to resolve a problem is based on efficiency or equity arguments. The Government may consider intervening if there are strong enough failures in the way markets operate (e.g. monopolies overcharging consumers) or if there are strong enough failures in existing government interventions (e.g. waste generated by misdirected rules). In both cases the proposed new intervention itself should avoid creating a further set of disproportionate costs and distortions. The Government may also intervene for equity (fairness) and redistributive reasons (e.g. to reallocate goods and services to the more needy groups in society).
- 1.10 In this case intervention would be justified on both efficiency and equity grounds as setting up an appeals process would enable the net benefits of ABS to be realised in relation to services regulated by the CLC. More generally, setting up an appropriate appeals mechanism would benefit ABS businesses directly, and may result in increased consumer confidence in the overall regulatory framework for legal services. Providing ABS businesses with a right of appeal may also be seen as fairer from society's perspective. The proposal may therefore generate further economic welfare gains for society.

## Policy objective

- 1.11 The policy objective is to put in place an appeal mechanism to hear appeals against decisions made by the CLC should it be designated as an LA. The costs and processes for the appeal mechanism are intended to be transparent, efficient, fair, and public. The body hearing the appeals should have sufficient resources and expertise to deal with the potentially complex issues that ABS appeals may relate to.
- 1.12 In future, the intention (subject to further consultation) is for a single body to hear appeals against decisions made by regulators of legal services, regardless of the type of legal service being provided, and regardless of whether those appeals are made by ABS businesses or existing legal services providers. This should lead to greater consistency in decision making, enable a body of expertise to develop, and enable economies of scale to be achieved in relation to administrative and appellate functions.

## Affected stakeholder groups, organisations and sectors

- 1.13 The following individuals/sectors are likely to be affected by the proposal:
- CLC – the body whose decisions will be appealed
  - HM Courts and Tribunals Service – as the First-tier Tribunal is the body to which appeals will be made
  - ABS firms (and applicants for an ABS licence) – which will be the subject of the decisions that are appealable
  - Consumers – who may ultimately bear the regulatory costs through the prices paid for legal services
  - Appeals-related service providers, e.g. providers of legal advice and representation services – may benefit from increased demand given the increase in appeals.

## 2. Costs and benefits

2.2 This Impact Assessment identifies impacts on individuals, groups and businesses in the UK, with the aim of understanding what the overall impact to society might be from implementing these two options. The costs and benefits of Option 1 & 2 are compared to the do nothing option (Option 0). Impact Assessments place a strong emphasis on valuing the costs and benefits in monetary terms (including estimating the value of goods and services that are not traded). However there are important aspects that cannot sensibly be monetised. These might include how the proposal

impacts differently on particular groups of society or changes in equity and fairness, either positive or negative.

### **Option 0: Base case (do nothing)**

- 2.3 Doing nothing is not considered a feasible option as without intervention in the form of an order under section 80 of the LSA 2007, there is no body with the power to hear and determine appeals against CLC decisions as an LA. The CLC could not therefore be designated as a LA. The do nothing option is presented as a hypothetical base case only.
- 2.4 Because the do nothing option is compared against itself its costs and benefits are necessarily zero, as is its Net Present Value (NPV).

### **Option 1 (preferred option): The First-tier Tribunal acts as the appeals body for appeals against decisions of the CLC**

#### **Description**

- 2.5 Under this option, an order would be made under section 80 of the LSA 2007 making provision for the First-tier Tribunal to hear appeals against decisions of the CLC in its function as a licensing authority, with the functions allocated to the General Regulatory Chamber of the Tribunal.

#### **Costs**

##### *HM Courts and Tribunals Service*

- 2.6 HM Courts and Tribunals Service would face additional costs associated with a greater volume of cases being heard at Tribunal. However, set-up and operating costs (e.g. tribunal member sitting fees) will be recovered from CLC by HMCTS, meaning there should be no net financial impact on HMCTS as a result of the proposal.

##### *CLC*

- 2.7 The CLC would face costs associated with appeals being heard by the First-tier Tribunal. These would consist primarily of daily fees for panel members, plus administrative support supplied by the HM Courts and Tribunals Service. The administrative support would include dealing with enquires and all administrative tasks associated with the appeals, including scheduling appeal dates. It is assumed that the First-tier Tribunal has sufficient capacity already available to hear the appeals and that no additional accommodation or staff resources would be required as a result of the proposal.
- 2.8 The number of appeals that will be made is unknown, but is expected to be small. As an indicative example, the cost of an additional 10 sitting days (that might be required if an appeal required two days to hear, and there were five additional appeals annually) would be approximately £24,000.
- 2.8 Any additional IT and telephony costs are expected to be negligible. There would be some adjustment costs for the CLC in relation to activities such as training and communications, which are estimated to be around £12,000.
- 2.9 The CLC would also incur costs associated with defending appeals, which may include the cost of legal advice and representation. The GRC has a limited power to award costs against parties, so it is assumed that the CLC would normally be expected to bear its own legal costs. The costs have not been quantified. LAs will likely pass on costs to the businesses they regulate in the form of higher licence fees.

##### *ABS businesses*

- 2.10 As set out above, any CLC costs in its function as an LA would be passed on to ABS businesses in the form of higher licence fees.
- 2.11 ABS businesses appealing decisions would incur costs associated with preparing for appeals. ABS firms may choose to be legally represented before the GRC, which would result in additional costs. For the purposes of this Impact Assessment it is assumed that both the CLC and ABS would be legally represented at an appeal.

##### *Consumers of legal services*



2.12 All regulatory costs may ultimately be passed on to the consumers of legal services in the form of higher prices. This includes the extra costs associated with any appeals in relation to CLC decisions. These costs are not expected to be significant.

#### *Providers of legal advice and representation services*

2.13 It is assumed that both the CLC and ABS businesses would be legally represented at an appeal. Any additional appeals that take place as a result of the proposal would therefore represent an increase in the demand for legal advice and representation services. This would represent a benefit for providers of those services.

#### *LSA 2007 Part 5 costs*

2.14 Compared to the base case, the proposal would enable ABS businesses to undertake legal services regulated by the CLC. The proposal would therefore enable the costs of ABS to be realised in relation to the services regulated by the CLC.

### **Benefits**

#### **ABS**

2.15 ABS firms would benefit under the proposal as they would have the right to appeal against the decisions of the CLC as a LA. The right of appeal would apply in relation to a range of decisions including the imposition of a financial penalty, the refusal of a licence, or the decision to suspend the right of an individual to work in an ABS. The introduction section above provides more detailed information on the decisions that are expected to be appealable. Compared to the base case, ABS businesses would benefit directly from the ability to appeal a decision.

#### *HM Courts and Tribunals Service*

2.16 HM Courts and Tribunals Service would benefit from additional income from the CLC associated with a greater volume of cases being heard at Tribunal. However, this income is intended to cover set-up and operating costs (e.g. tribunal member sitting fees), meaning there should be no net financial impact on HMCTS as a result of the proposal.

#### *Society*

2.17 The proposal may lead to increased consumer confidence in the legal services market, which may provide economic welfare gains for society. Further, providing ABS businesses the right to appeal CLC decisions may be seen as fairer from society's perspective.

#### *LSA 2007 Part 5 benefits*

2.18 Compared to the base case, the proposal would enable ABS businesses to undertake legal services regulated by the CLC. The proposal would therefore enable the benefits of ABS in relation to services regulated by the CLC to be realised.

## **Option 2: Appeals against CLC decisions dealt with by CLC Discipline and Appeals Committee**

### **Description**

2.19 Under this option, a section 80 order would be made modifying the functions of the CLC Discipline and Appeals Committee (DAC) to enable it to hear appeals of ABS businesses regulated by the CLC in its function as a LA.

### **Costs**

#### **CLC**

2.20 The CLC would face costs associated with hearing appeals through the DAC. These costs would be as set out in Option 1. However, based on the indicative estimate of 10 sitting days being required for an additional 5 cases, under this option the CLC would face additional annual costs of around £15,000 (compared to £24,000 in the First-tier Tribunal).

2.21 It is also more likely under this option that the CLC would be able to recover its legal costs from an appellant where an appeal is unsuccessful, because the DAC has a broader discretion to award costs than the First-tier Tribunal.

#### **ABS**

2.22 ABS businesses would face costs associated with preparing for appeals as set out in Option 1. ABS firms may choose to be legally represented before the DAC, which would result in additional costs. For the purposes of this Impact Assessment it is assumed that both the CLC and ABS would be legally represented at an appeal.

### *Consumers of legal services*

2.23 Consumers of legal services would face costs as set out in Option 1.

### *LSA 2007 Part 5 costs*

2.24 This proposal would result in the costs associated with enabling ABS as set out in Option 1.

## **Benefits**

### *ABS*

2.25 ABS firms would benefit under the proposal as set out in Option 1. These benefits are likely to be smaller in magnitude given the quality of decision making is expected to be better in the First-tier Tribunal as it has more relevant expertise than the DAC in relation to the potentially complex issues of ownership and regulatory discipline that may arise in relation to ABS appeals. In turn, decision making by the CLC overall may be worse under this option if the threat of appeals being heard at the First-tier Tribunal provides a greater deterrent effect to the CLC.

### *Society*

2.26 Society would benefit from the proposal as set out in Option 1.

### *Providers of legal advice and representation services*

2.27 Providers of legal advice and representation services would benefit from the proposal as set out in Option 1.

### *LSA 2007 Part 5 benefits*

2.28 This proposal would result in the benefits associated with enabling ABS in relation to services regulated by the CLC as set out in Option 1.

## **Summary of differences between Option 1 and Option 2**

2.29 It has been assumed that the DAC is as operationally efficient as the Tribunal in processing appeals. The key difference between the two Options is that the Tribunal is considered to provide a better service in terms of the quality of decision-making (rather than in terms of customer service standards, which are assumed to be the same). This higher quality decision-making involves more resources, but should lead to better regulatory decision-making and hence to improved efficiency in the legal services market, which should benefit consumers.

## **Risks and assumptions**

2.30 The following risks and assumptions apply to the analysis of both options considered:

- The number of additional appeals that would occur is unknown but is expected to be low. Indicative cost estimates are presented based on an appeal requiring a two day hearing on average. However, there is a risk that the volume of additional appeals is higher than anticipated. This would increase the magnitude of all impacts identified.
- It is assumed that both the CLC and ABS businesses would be legally represented at an appeal, regardless of which body hears the appeal.
- It is assumed that the location of appeals would have no impact on the propensity of existing legal services providers to become an ABS business, or otherwise on ABS take-up.
- It is assumed there is sufficient existing capacity within the First-tier Tribunal in terms of staff, judicial and administrative capacity to deal with the anticipated number of appeals, meaning any additional running costs would not be significant. The DAC currently has no administrative resources separate from the CLC.

- It is assumed that the quality of decision making in relation to ABS appeals would be better in the First-tier Tribunal as it has more relevant expertise than the DAC in relation to the complex issues of ownership and regulatory discipline that may arise in relation to ABS appeals.
- It is assumed that the location of appeals would have no significant impact on the compliance of ABS businesses, on the investigation activities of the CLC, or on the volume of appeals.
- Assume that the volume of appeals is the same under both Options.
- Assume that operational efficiency of processing appeals is the same for the Tribunal as it is for the DAC.
- Assume customer service standards are the same under both Options.

### 3. Enforcement and Implementation

- 3.1 The assumption for the proposal is that it will be implemented from autumn 2011. The First-tier Tribunal will operate the appeals mechanism.

### 4. Specific Impact Tests

#### *Equality Impact Assessment*

- 4.1 After carrying out an equality impact assessment we do not believe that the proposals will affect any sector of society more than another and we do not believe that there are any significant age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex or sexual orientation issues involved in these proposals. After carrying out an initial screening EIA we concluded a full Equalities Impact Assessment was not required.

#### *Competition Assessment*

- 4.2 Putting in place an appeals mechanism would allow the implementation of alternative business structures and hence enable the associated competition benefits in relation to services regulated by the CLC.
- 4.3 Allowing ABS appeals to be heard at a Tribunal, but existing legal services provider appeals to be heard by the CLC may create an imbalance between ABS and non-ABS businesses. However, it is considered that the First-tier Tribunal is a more appropriate appeals body for ABS given ABS appeals may be more technical in nature. Further, the intention in future (subject to further consultation) is for all legal services provider appeals against regulatory decisions to be heard by a single body (the First-tier Tribunal). Any disparity should therefore be short-term only.

#### *Small Firms Impact Test*

- 4.4 The proposal is not expected to have a significant disproportionate impact on small firms.

#### *Environmental Impacts*

- 4.5 The proposal is not expected to have any significant environmental impacts.

#### *Health Impact Assessment*

- 4.6 We do not anticipate any significant impact on human health or the demand for health and social care services in the UK as a consequence of this proposal.

#### *Human Rights*

- 4.7 The proposals in this Impact Assessment have been subjected to a Human Rights screening to ensure it is compliant with the Human Rights Act 1988.

#### *Justice Impact Test*

- 4.8 Justice impacts have been considered and as the proposed regulation is only expected to increase the volume of cases that will go through the Tribunals system by a very small amount (perhaps 5 cases per year), it is not expected that the proposal will have a significant justice impact.

### *Rural Proofing*

- 4.9 Rural proofing impacts have been considered and there are not expected to be any significant rural impacts. The proposed regulation will be enforced throughout England and Wales and does not have a geographical bias.

### *Sustainable Development*

- 4.10 Sustainable development impacts have been considered and there are no expected sustainable development impacts.

## Annex 1: Post Implementation Review (PIR) Plan

<b>Basis of the review:</b> n/a
<b>Review objective:</b> n/a
<b>Review approach and rationale:</b> n/a
<b>Baseline:</b> n/a
<b>Success criteria:</b> n/a
<b>Monitoring information arrangements:</b> n/a
<b>Reasons for not planning a PIR:</b> A PIR of ABS generally will be carried out, including appeal arrangements. It is not considered appropriate or proportionate to carry out a formal PIR for the appeal arrangements separately. The arrangements will be monitored by HM Courts and Tribunals Service and the CLC during the first year of operation, and then reviewed at the end of that first year to agree whether any operational adjustments are required based on experience of running the process.