



**Speech at the launch of the
It's Not Just Peanuts campaign**

12 January 2011

Lord Goldsmith QC

Chair of The Access to Justice Foundation

[Check against delivery]

Thank you to you all for coming this evening.

Thank you to Hogan Lovells for hosting this evening and to their team for doing so much to help us reach the point of being able to launch the campaign. Particular thanks to Yasmin Waljee, who has been looking at this issue for years now and fully deserves her New Year's OBE for her pro bono and other work helping good causes.

This is an excellent example of the work that is being done in a growing number of City firms to support legal advice agencies.

I want to get straight into the reason we're all here this evening: the crisis for voluntary legal advice organisations and one thing we can all do to ease the situation.

Free legal advice organisations are facing cuts on all sides:

- The proposed cuts to legal aid work under the Comprehensive Spending Review;

- Cuts in local government funding for advice work, as local councils adapt their budgets to reflect the reduced funding from central government;
- Increased competition for funding from charities as more organisations seek such alternative funding – and this at a time when low interest rates have impacted on the funds that such bodies are able to give out.

The end result is that advice organisations are seeing their income continue to drop at a time when the need for legal help to the most vulnerable is increasing daily.

Naturally the legal advice sector, which is our charitable arm, look to us, the legal profession as a whole to find new sources of funds. The Access to Justice Foundation is a charity that aims to bring in new money to the pro bono and voluntary advice sector. Pro bono costs have been the first example of this.

The Foundation continues to look at other funds that could be brought into the sector.

Unclaimed client funds are one of them. This means the funds held by solicitors for clients which remain unclaimed over a long period. We all know that for a variety of reasons these monies accumulate and it is highly likely that a large proportion will never be claimed.

Under the new regulatory system, the vast majority of new client funds held by firms will be returned to clients when a matter is completed. However, firms still have to manage client funds from previous years – perhaps as long as fifty years ago. Of course the firms can't just take the monies but the client may be untraceable.

The Solicitor's Regulatory Authority allows amounts under £50 to be donated to charity provided certain steps are followed. Dormant sums over £50 may be donated when SRA permission is granted.

Some firms have donated these balances to charity. But why don't more firms give that money to charity – or more specifically to the Foundation, for it to then distribute nationally to the legal advice sector to help ease this crisis?

We believe that lots of firms out there have small amounts of unclaimed client funds sitting in their client accounts. Let's take an example. A firm recently donated 20 small client accounts to the Foundation, totalling £250. On its own, such a sum seems like peanuts - unlikely to do anything to improve the lot of the voluntary legal advice sector.

But if 30% of the 14,134 law firms in England & Wales alone that appeared on the Law Society website were in that position and donated those sums to the Foundation - those £250 amounts would come to over £1 million pounds.

And when you look at it that way, you realise that the £250 your firm is looking after isn't so unimportant after all.

It's not peanuts.

It's part of a huge potential pot of funding for the legal advice sector at the very point the sector needs the money.

Moreover, if firms went on to donate dormant client balances of £50 or more, those sums, whether they amount to £1000 or £100,000, would be a considerable sum indeed. There are concerns amongst law firms that the hoops they must jump through to get SRA approval are too great. Plainly there needs to be a system under which an indemnity can be provided so that if the money is then claimed by the client it can be paid back. But even with that there are bureaucratic problems in getting SRA clearance. Given the importance of funding free legal

help and the fact that donated sums are protected by an indemnity, surely it is time that the SRA allowed a fast track procedure for firms to donate larger sums to the Foundation without needing full SRA permission?

What I will do is take a couple more minutes of your time by talking about why you should donate unclaimed client funds to the Foundation.

The Foundation was set up just over two years ago by the Law Society, Bar Council, ILEX and Advice Services Alliance, and forms part of a strategic network. The Foundation partners with Regional Legal Support Trusts covering the whole of England & Wales. They in turn fundraise through local events and keep updated on local needs in their legal advice sector. They give out grants at regional and local level to support the advice organisations in your communities, whether law centres or CABs. So your funds can go back into the communities that they came from in the first place, through distribution to those regional trusts, whilst also supporting our national pro bono organisations.

I'll say a couple more things before passing onto the Attorney General.

I know that law firms – small and large - are swamped with so many tasks these days. But we've put a pack together to try and make it as simple as possible for firms.

Free up the money and free up the time spent dealing with the funds in your annual accounts and audit.

Free up the money and help to contribute to the pot that could fund a staff member in an advice organisation in the most deprived area in your county.

And free up the money because whilst it's sitting there, advice organisations are closing down left right and centre and together we can try and do something about that.