

Thursday, 20 February 2014

Lay chairs mandated by the LSB for regulatory bodies

The Legal Services Board (LSB) publishes today its decision to change the Internal Governance Rules (IGRs) so that all new appointments to the role of chair in the largest regulatory bodies must be lay persons.

The Legal Services Act 2007 placed the LSB under a duty to set rules to ensure the approved regulators carry out regulation independently from representative functions.

The Board has concluded, following a consultation, that amending the IGRs to require lay chairs for regulatory bodies provides a workable and proportionate route to increased independence in legal services. The LSB reached the view that greater independence will help safeguard the delivery of the regulatory objectives aligned to the principles of better regulation.

Additionally, in response to the consultation, the LSB is now consulting on a further change to the IGRs to require that regulatory bodies, rather than professional bodies, be responsible for certain aspects of the appointments and reappointments process for board members and their chairs.

Chairman of the Legal Services Board, **David Edmonds** said:

“Independent regulation is central to the aims of the 2007 Legal Services Act. This decision to require lay chairs for regulatory bodies represents a significant and sensible step towards embedding and strengthening independence in legal services regulation. It brings the regulatory bodies into line with the LSB’s own lay-chair requirements set out in the 2007 Act.

I also believe that restructuring the appointments and reappointments process would be a proportionate further step to safeguard the independence of regulatory boards. We therefore set out, for further consultation, a series of detailed additional changes to the IGRs to strengthen the ability of the regulators to run their own appointments processes.

As I have said before, these changes, and the new proposals, are not a criticism of any current or past chair. The lay chairs rule comes into effect immediately and will apply to all new appointments.

ENDS

For more information please contact the LSB's Communications Manager [Vincent McGovern](#) on 020 7271 0068 / 0795 622 6562.

Notes for editors:

1. The **Chairs of regulatory board's** summary of responses and decision document can be found [here](#).
2. The updated **Internal Governance Rules** can be found [here](#).
3. The **Appointments and reappointments to regulatory boards** consultation document can be found [here](#). This consultation closes on **3 April 2014**.
4. The lay chairs consultation took place between 8 October and 19 November 2013. The consultation document can be found [here](#) (scroll down to 8 October). Responses received to the consultation can be found [here](#).
5. The *Blueprint for reforming legal services regulation* document which first indicated the LSB's intention to consult on this issue can be found [here](#).
6. Two of the applicable regulatory boards have a lay chair. They are the [ILEX Professional Standards Ltd](#) and the [Costs Lawyer Standards Board](#).
7. The [Council for Licensed Conveyancers](#) and the [Master of the Faculties](#) have no representative functions. They are therefore excluded from the change proposed in this consultation.
8. The [Association of Chartered Certified Accountants](#), the [Institute of Chartered Accountants of Scotland](#) and the [Institute of Chartered Accountants in England and Wales](#) would also be excluded should they become active approved regulators/ licensing authorities under the Act. This is because the providers that these bodies regulate are primarily regulated in relation to accountancy services and not reserved legal activities.
9. The Legal Services Act ("The Act") created the Legal Services Board as a new regulator with responsibility for overseeing the regulation of legal services in England and Wales. The new regulatory regime became active on 1 January 2010. The LSB oversees eight approved regulators, which in turn regulate individual lawyers.
10. The LSB oversees eight approved regulators, which in turn regulate individual lawyers. The approved regulators, designated under Part 1 of Schedule 4 of the 2007 Act, are the Law Society, the Bar Council, the Master of the Faculties, the Chartered Institute of Legal Executives, the Council for Licensed Conveyancers, the Chartered Institute of Patent Attorneys, the Institute of Trade Mark Attorneys and the Association of Costs Lawyers.
11. In addition, the Institute of Chartered Accountants of Scotland and the Association of Chartered Certified Accountants are listed as approved regulators in relation only to reserved probate activities.
12. As at 1 April 2013, the legal profession comprised 126,624 solicitors, 15,335 barristers, 7,947 chartered legal executives and 4,184 other individuals operating in other areas of the legal profession such as conveyancing. The sector is currently valued at £25.49 billion per annum (total turnover in 2010).