

Risks and mitigations	
Financial:	N/A.
FoIA:	Exempt the table in the summary and subsequent text, paras 4-7, 10-12, 13 including table, 16 and Annex 1. This information is intended to promote a free and frank exchange of views (including on incomplete data) for the purposes of deliberation by the Board.
Legal:	Challenge over assessment conclusions and / or process where non-compliance is claimed and corrective action proposed. Recommendations made in consideration of compliance and enforcement statement with AR provided opportunity to provide further information and /or undertake informal resolution discussions (rather than enforcement).
Reputational:	High profile area which is one of three key LSB business priorities.
Resource:	Resource intensive but manageable with low levels of enforcement action.

Consultation	Yes	No	Who / why?
Board Members:	✓		Chairman and CEO heavily involved throughout.
Consumer Panel:	✓		Consumer Panel Manager has been updated on progress.
Others:	No.		

Recommendations:

The Board is invited:

- (1) to note and accept the assessment and recommendations in relation to each applicable AR and rating of outstanding issues in the summary table and at Annex 1;
- (2) to note and accept the recommendations on lay majorities in the table following para 13;
- (3) to note and agree the next steps set out at paras 15-17; and
- (4) to mandate the Executive to take forward resolving residual issues with ARs.

LEGAL SERVICES BOARD




To:	Board	
Date of Meeting:	30 September 2010	Item: Paper (10) 62

IGR Dual self-certification – September 2010

Introduction

1. At its June meeting, the Board considered the findings from the Executive's initial review of the IGR dual self-certificates submitted by applicable ARs. This was the first time that the certificates had been returned since the introduction of the IGRs and therefore also represented an initial assessment of compliance with the rules. The initial assessment indicated that no applicable AR was fully compliant at that point.
2. The Board advised that letters should be sent to each applicable AR setting out the concerns raised in the assessment and in particular should:
 - seek further information, where there were material gaps in information and/or ambiguity in relation to how far an AR is compliant
 - where we perceive appreciable risk, rather than demonstrable non-compliance, to ask the AR whether it recognises that risk and, if so, how it currently mitigates it and plans to do so in future
 - where we perceive a material non-compliance and the absence of a plausible justification, request within four weeks either an action plan for compliance by the end of October 2010 or a justification.
3. Following the receipt of the responses to these letters and discussions with the applicable ARs, this report updates the Board and recommends the next steps.

Overview

4. 
5. 
6. 

7. [Redacted]

Lay Majorities

- 8. How quickly applicable ARs move to compliance with the requirement to have a lay majority on regulatory boards remains an outstanding issue of substance.
- 9. The Board considered the issue of lay majorities alongside whether there was need for the rules to require that the Chair of the regulatory board be lay. The IGR decision document of September 2009 set out the Board's conclusion. This was that the rules should require that regulatory boards have a lay majority and a chair whose selection and appointment is not restricted by virtue of legal qualification. It has been well documented why the Board concluded that this requirement provides an important mechanism for ensuring that independence of regulation is safeguarded as well as maintaining public confidence that regulation is undertaken in their interest and the consumer interest rather than in the interest of providers. This approach was supported by the Consumer Panel and external consumer groups.

10. [Redacted]

11. [Redacted]

12. [Redacted]

13. [Redacted]

[Redacted]	[Redacted]	[Redacted]
[Redacted]	[Redacted]	[Redacted]
[Redacted]	[Redacted]	[Redacted]
[Redacted]	[Redacted]	[Redacted]
[Redacted]	[Redacted]	[Redacted]

	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]

Composition of Regulatory Committees and Working Groups

14. We explored with the applicable ARs whether regulatory committees and / or working groups with a majority of professional members advising the board and undertaking regulatory functions risked the spirit and perception of independence being compromised. We were particularly concerned about this where the main regulatory board was also dominated by professional members. Some key themes from the

responses are that the main boards scrutinise the work of committees and retain responsibility for decision making, there is lay representation on committees and that there are practical benefits to the current structures. In light of explanations provided and the movement towards parity on the regulatory boards in the near term it is not thought that this is a priority area to pursue at the present time.

Conclusion and Next Steps

15. If our recommendations are accepted, we propose to respond at Chair / Chief Executive level to each applicable AR soon after the Board meeting. This will provide the highest level assessment of their current position.

16. [REDACTED]

17. Letters would not be press released, but would be made public on the website.

18. We are also seeking to identify an opportunity within the Autumn programme of speeches to provide a summary public announcement of the progress made.

List of Annexes:

Annex 1: Overview of compliance for each AR and proposed actions.

Annex 2: Enforcement flow charts.

24.09.10