

FOR IMMEDIATE RELEASE

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## **LSB CONCLUDES SCRUTINY OF GOVERNANCE ARRANGEMENTS**

The LSB has concluded its annual round of reviewing compliance by the applicable approved regulators with the LSB's Internal Governance Rules (IGRs). The last of the assessments and supporting documents are published today.

Ensuring that approved regulators that have both representative and regulatory functions regulate independently and make available the necessary resources to do the job, is a central tenet of the Legal Services Act 2007. The LSB's Internal Governance Rules are designed to ensure that the independence of regulation from representative functions is comprehensive, robust and real in practice.

Last year's compliance exercise focused on the structural arrangements put in place by the approved regulators to ensure independence. This year, the LSB has focused on independence in practice, examining specific risks in full.

Full compliance with the rules for regulatory independence was achieved by the Institute of Legal Executives, the Chartered Institute of Patent Attorneys and the Institute of Trade Mark Attorneys. The LSB has accepted the non-compliant position of the Association of Costs Lawyers that prevailed during 2011 in view of the recent establishment of the Costs Lawyer Standards Board. The LSB has set clear requirements on the Bar Council to tackle a small number of outstanding issues.

In the case of The Law Society and its relationship with the Solicitors Regulation Authority (SRA) it has taken some months to produce robust arrangements. However, the LSB now considers that new shared services and oversight arrangements recently agreed between The Law Society and the SRA move significantly towards compliance. The arrangements agreed by The Law Society

and the SRA will need to be tested in practice and the LSB will use its formal information-gathering powers under S55 of the Legal Services Act to monitor the implementation over the months ahead.

The next round of IGR certification will begin in April 2012.

**Legal Services Board Chairman David Edmonds** said:

*“Regulatory independence, both in terms of structures and operationally, is crucial to public confidence in the regulation of lawyers. The regulators have come a long way since the Legal Services Act 2007 in terms of revising the architecture to reassure the public interest. We congratulate those that have been certified as compliant.*

*We intend to make full use of our oversight role to ensure that the new arrangements governing the relationship between The Law Society and the Solicitors Regulatory Authority operate in the way intended. The LSB has agreed with both organisations a timetable to ensure they move into compliance.*

*This has been a lengthy and at times difficult process. I appreciate the efforts that have been made to draw this long-running source of tension to an end. My hope is that the progress made in 2011 will make reviewing compliance a considerably less onerous task in future years. Standards are now in place and must not be compromised. Achieving full compliance is a fixed and non-negotiable strand of ensuring consumer protection and reinforcing public confidence in the profession”.*

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**Notes for editors:**

1. The full range of compliance reports on the approved regulators can be found at: [http://www.legalservicesboard.org.uk/Projects/independant\\_regulation/2011\\_round\\_of\\_compliance\\_certificates.htm](http://www.legalservicesboard.org.uk/Projects/independant_regulation/2011_round_of_compliance_certificates.htm)
2. The Board’s Internal Governance Rules can be found at [http://www.legalservicesboard.org.uk/what\\_we\\_do/regulation/index.htm](http://www.legalservicesboard.org.uk/what_we_do/regulation/index.htm)
3. 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.

4. 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 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.
5. In addition, the Institute of Chartered Accountants in Scotland and the Association of Chartered Certified Accountants are listed as approved regulators in relation only to reserved probate activities.
6. The legal profession currently consists of 15,309 barristers, 119,641 solicitors and 12,145 individuals operating in other aspects of the legal profession such as conveyancing. The sector is currently valued at £25.49 billion per annum (total turnover in 2010).
7. More information on the LSB's work in ensuring regulatory independence can be found online at [http://www.legalservicesboard.org.uk/Projects/independant\\_regulation/index.htm](http://www.legalservicesboard.org.uk/Projects/independant_regulation/index.htm)
8. The LSB published its draft strategic and business plan at the end of last week. This publication can be found at:  
[http://www.legalservicesboard.org.uk/news\\_publications/publications/index.htm](http://www.legalservicesboard.org.uk/news_publications/publications/index.htm)  
Respondents are asked to submit their comments on the proposed programme by 9 March 2012.