



## **Council for Licensed Conveyancers supplementary response to LSB consultation on IGR**

Following publication of its investigation into the Law Society's (TLS) oversight and monitoring arrangements for the Solicitors Regulation Authority (SRA), the Legal Services Board (LSB) has invited further observations on its recent consultation on Internal Governance Rules (IGR).

The CLC has reviewed its initial response, which is available [online here](#). We have some brief further points to make now. These should be seen in the context of the CLC's representations to the LSB and government on the shortcomings of current arrangements under the Legal Services Act 2007. We and others believe that there is greater scope within the terms of that Act for the LSB to achieve greater independence for front line regulators.

Our motivation is to secure the health of the wider legal sector based on our experience as a wholly independent regulator with no formal ties to any representative body.

### **The need to reform the current IGR framework**

Public confidence in the legal system and rule of law depends significantly on effective, independent regulation of legal service providers. However, the interim chair of the LSB has recently acknowledged that "[TLS] actions have impaired the effectiveness of the SRA, thereby undermining the public interest in effective regulation of legal services..."

Although TLS has amended its IGR since the relevant breaches occurred, wider practice has not been reviewed and nor do we yet know the impact of TLS changes. So the LSB's finding underlines the importance of a thorough review of the IGR framework that may result in a very different approach.

It is especially important as new Approved Regulators from outside the legal sector enter the regulation of legal services. Reform will become progressively more difficult the more Approved Regulators there are.

### **The need for clarity**

The experience of TLS and SRA has demonstrated that the new IGR framework needs to deliver much greater clarity than the current framework. It will be vital to narrow down as far as possible the room for ambiguity in the drafting and operation of IGR between Approved Regulators and the front-line regulators they have established.

There is also a pressing need for clear lines of accountability to be established so that stakeholders and the public can understand easily which body is responsible for what activity and how that work is funded. At the moment, that is not achieved across all front-line regulators, partly because not all Approved Regulators are deemed to be Applicable Approved Regulators, meaning that some are subject to less rigorous requirements in relation to regulatory independence.

**Definition of Applicable Approved Regulator**

The current IGR framework distinguishes between Applicable Approved Regulators (AAR) and other legal regulators. ARR 'regulate persons whose primary reason to be regulated by that AR is those persons' qualifications to practise a reserved legal activity that is regulated by that AR'. This excludes the ICAEW and ACCA from the definition of AAR. They are not required to put into place the same separation of representative and regulatory functions as AAR.

This anomaly must be corrected. All professionals delivering a reserved legal service should be subject to a regime that is independent of representative bodies. Running two different regimes within the legal sector is inequitable, and risks undermining public confidence and reducing the effectiveness of regulation.

**A different approach**

The LSB should consider whether to reframe the IGR enshrining the independence of front-line regulatory bodies in a positive way, rather than focussing on defining what 'undue influence or control' from an AAR might be.

Given the extent of the LSB's oversight of front line regulators, there is little additional oversight that should be needed of the Appropriate Approved Regulators by their respective representative bodies. The LSB alone should be the judge of performance by a front-line regulator.

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