

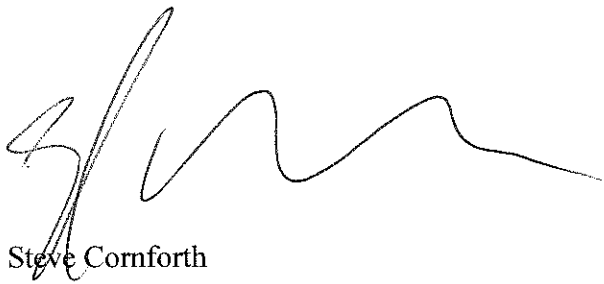
1. This is the response of Liverpool Law Society to the consultation on a change to the Internal Governance Rules of the Legal Services Board (LSB) to make it mandatory to have lay chairs of the regulatory boards (The Consultation).
2. We agree that independent regulation is central to the aims of the Legal Services Act 2007. Under the current rules, boards must have a majority of lay members. At Paragraph 14 of The Consultation the LSB state that it was their view that this requirement addresses the need for regulatory independence. They say that approved regulators remain too closely tied to their relevant branch of the profession, and that such closeness is detrimental to public and consumer interests. This has led them to conclude that it is now necessary to mandate lay chairs of the regulatory boards.
3. We have concerns about this conclusion.
4. This is a consultation about the chairs of the boards rather than the boards themselves. So the consultation states - 'regulators still tend to view change from the standpoint of their part of the profession'. However no evidence is provided that the chairs of such regulators drive any such viewpoint. In our view, the boards require a mix of skill and experience. Such boards should be chaired by the most suitable candidate regardless of his/her professional background.
5. The consultation effectively says as much at paragraph 23 – 'clearly knowledge of the current and potential future patterns of the relevant regulated community is one important component of the skill set. But it should not be the only one. Nor should it be given unique priority in determining board composition and leadership.' For this reason it would not be reasonable to have a mandatory

professional chair to the exclusion of a lay chair. But this is not a convincing case for excluding a professional chair altogether. We do not accept that a properly constituted board will be unduly influenced by the qualification of the chair.

6. The consultation assumes that only lay chairs would provide leadership experience in a risk based regulatory context (Para 3). This does not reflect recent developments in solicitors' practice. The profession has been familiar with the concept of outcomes focussed regulation for some time. All firms are now required to have a Compliance Officer for Legal Practice (COLP). There are therefore a number of professionals who offer the necessary experience in a risk based regulatory context.
7. In our view the chair of the regulatory boards should neither be included nor excluded on the basis of professional qualification alone. What is more important is to have the most suitable individual for the task.
8. The focus should therefore be on a robust appointment process.
9. The proposal put forward in the consultation would shrink the pool of available candidates which can only have a negative effect going forwards.
10. The consultation poses four questions. We do not agree with the proposed change to the IGRs in order to deliver lay chairs. In the light of this response the answers to the remaining three questions become otiose.

19th November 2013

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Steve Cornforth

Chair of Liverpool Law Society Regulatory Committee

Liverpool Law Society (LLS)

LLS represent over 2500 members of the legal profession in the Merseyside area.

Members are solicitors, barristers and academics.