

## Lawyers See Chance For Overhaul In LSB, SRA Exec Changes

By **Marialuisa Taddia**

Law360, London (March 4, 2025, 10:03 PM GMT) -- A change of guard at two of the key regulators of the U.K. legal sector has sparked calls for a root-and-branch reassessment of their roles amid criticism that the watchdogs are overreaching.



The departures of Philip and Kershaw have prompted calls for serious reflection and a root-and-branch reassessment of the watchdogs' roles. (iStock.com/alice-photo)

The Legal Services Board said Friday that Alan Kershaw, its chair, **is stepping down** with immediate effect, less than halfway through his second term. The watchdog cited personal reasons for the decision.

The Solicitors Regulation Authority said Thursday that Paul Philip, its CEO, **will retire** once a replacement is found, which it expects to be toward the end of the year. The move came as a surprise because Philip had until recently said that he had no intention of leaving despite **facing intense criticism** for his handling of the collapse of Axiom Ince Ltd.

The departures have prompted calls for serious reflection, because "confidence in the effectiveness and efficiency of legal regulators is fragile," John Gould, chair of Russell-Cooke LLP, said.

He added that Philip and Kershaw are leaving their organizations during a period of significant uncertainty.

"Both men inherited a complex and, in many ways, unsatisfactory statutory framework and both were beset by issues outside their control," he said.

Lawyers praised Philip for the transformation the SRA has seen over the course of more than a decade under his stewardship — even amid calls for reform.

The praise came also from Tony Williams, who had **called for resignations** at the top of the regulator in an article in The Times. Williams is a former managing partner at Clifford Chance LLP and a non-executive director of the SRA until August 2022.

"A lot of very good things have been done by the SRA [under his tenure]," Williams, who is now principal at Jomati Consultants, said. "He took over the SRA when it was in a state of almost collapse, and turned it around."

Philip was behind the overhaul of the way solicitors qualify and has pushed to hold law firms to account for enabling

money laundering. He also shepherded the move away from the Law Society of England and Wales.

"Paul should take pride that he took over a desperately failing SRA, has simplified the rule book, developed a focus on ethics and taken the organization forward," Paul Bennett of Bennett Briegal LLP said.

But the SRA has come under scrutiny of late — and not only for its handling of Axiom Ince.

The LSB is also **investigating whether** the SRA's regulatory actions in the lead up to the collapse of SSB Group Ltd. were sufficient to protect consumers. The Sheffield-based firm which traded as SSB Law **went into administration** in January 2024, leading to 192 job losses, £48 million (\$62 million) of debt and a lack of investment.

These cases are symptomatic of the overall effectiveness of the SRA, because the solicitors' watchdog has consistently struggled to find the right balance in supervision and enforcement between being overly strict and too lenient, Williams said.

A future CEO should prioritize the SRA's core responsibilities of investigations and enforcement, and amend its rule book only if it has evidence that something isn't working, according to Williams.

He pointed to moves by the SRA to prevent solicitors from holding client money. This is **vehemently opposed** by the Law Society.

"The reality is apart from the big scandal of Axiom Ince, which is a completely separate issue in relation to regulatory failures, there haven't been any significant problems in the operation of client accounts for many years," Williams said.

Lawyers want the SRA to stick to its remit. Bennett has urged the incoming CEO to "retreat from the overreach."

The SRA has also been criticized for targeting solicitors for issues concerning their private lives.

"It proposed to fine a solicitor £50,000 for a drink-driving offense, which had nothing to do with his competence or conduct in practice," Robert Forman, a consultant for Murdochs Professional Discipline Solicitors, said.

The Solicitors Disciplinary Tribunal fined the solicitor £2,500.

Meanwhile, Kershaw's departure has also pushed the LSB under the spotlight.

"The LSB has not achieved anything since its inception and I have long called for legislation to remove it and the distraction it places on front line legal regulators," Bennett said.

If anything, it was behind some of the problems the profession is facing. The solicitors' watchdog, with the LSB's approval, implemented a 2014 significant changes to its accounts rules, including removing the need for an accountant report to be filed annually. Bennett said that the decision to remove this anti-fraud measure was "a glaring misstep," considering the Axiom Ince scandal.

Legislation introduced in 2008 sought to improve regulation of legal services. But it has instead complicated it by splitting functions and creating animosity between representative and regulatory bodies.

Kershaw's tenure at the LSB has been too short to address the core issue of the body's true purpose, according to Russell-Cooke's Gould.

"Oversight must be more than hindsight reports into the likes of Axiom Ince and problems caused essentially by a system it controlled," he said.

He also listed "unnecessary distractions," such as the ongoing controversy between the Chartered Institute of Legal Executives and its regulator, CILEx Regulation Ltd., over the potential transfer of regulatory functions to the SRA.

"Given the new government's focus on growth, it is a good time to ask what the LSB is for, and as a minimum to narrow its focus and limit its reach," Crispin Passmore, a regulatory expert and co-founder of Kingsley Napley LLP's Stratify, said. "The legal market has changed beyond recognition since the LSB was created and its purpose is less and less clear," he said.

Passmore said the time has come for "a reset" to prioritize growth instead of the misguided strategy that views competition and consumer protection as opposing forces when they are not.

"Competition drives standards up, incentivizes lower and more predictable pricing, and encourages innovation. That should be the LSB's focus under its next chair," he said.

Lawyers should not raise their hopes too high. Andrew Pavlovic, a partner at CM Murray LLP, said that it is too soon to say whether Philip's departure will result in fundamental change at the regulator, or a re-assessment of its priorities.

Philip will remain in place until the end of the year, while chair Anna Bradley will stay on until 2026. The SRA must use this time to address several pressing issues, including responses to the recent client money consultation and launching high-profile prosecutions in the SDT concerning matters such as SSB Law, Pavlovic said.

Many experts hope that Philip's departure will lead to a renewed focus on the core functions of the regulator, such as managing client money risks and speeding up investigations. But it is uncertain if this change will address these issues, Pavlovic said.

"Given that the SRA chair will remain in place as she says, 'to recruit and bed-in a new chief executive and deliver the corporate strategy,' it is hard to foresee any significant change for the sector," Forman of Murdochs Professional

Discipline Solicitors said.

He added that Philip's replacement is likely to continue to seek greater fining powers for the SRA, even though the disciplinary tribunal already has the authority to impose higher penalties.

Forman argued that the LSB should invest more in the well-respected SDT and simplify the SRA's role.

It was time for the SRA to get a solicitor at the helm rather than another barrister like Philip, he added.

"The SRA would be better led by someone who has a lifetime of experience working in the profession, who better understands the risks, and how to create a strong and independent profession," Forman said.

--Editing by Joe Millis.

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