

Key Principles

The following key principles in relation to budgets and resources will need to be adopted to give practical effect to the internal governance rules (principally Part 3), as well as to provide the agreed basis on which detailed protocols for the future arrangements will be drafted:

- The SRA has control of its approved budget, subject to the conditions set out in Annex A;
- The presumption is that the SRA's budget should include the resources for all its activities (including support services delivered by the Law Society Group), and capital expenditure;
- Where it is agreed exceptionally that any budget supporting SRA activities should be held centrally, its release should be governed by the new Joint Board
- Shared services will be delivered to the SRA's reasonable requirements in accordance with service level agreements agreed with the Law Society as part of the budget-setting process
- Where there are previously established Group policies (or where the SRA has agreed to adopt new Group policies) they apply across the Group unless it is jointly agreed that they be disapplied in a particular case, or where the SSRB so determines if agreement cannot be reached.
- The application of this principle to staff terms and conditions is set out in Annex B.
- The following issues will always be subject to Group decisions:
 - Any decisions having an effect upon the Law Society defined benefit pension scheme
 - Any decisions affecting the Law Society's real estate
 - Any decisions with potential major expenditure consequences for future years
 - Any decisions affecting the Law Society's Group IT architecture

SRA Finances

- The SRA may apply its finances only for the regulated activities for which it has delegated authority, and within the rules governing the Law Society's finances
- The SRA may not vire between current and capital expenditure without the agreement of the Law Society
- The SRA may not vire its resources from expenditure on Law Society support services to other areas of expenditure without the agreement of the Law Society
- Where, exceptionally, money has been released by the Law Society for a specified project, that money may not be vired to other expenditure without the agreement of the Law Society
- The SRA will draw the Law Society's attention promptly to any significant risk that its budget may become overspent

Group HRD policies

- Remuneration policies are designed to enable each part of the Group to recruit and retain staff of the calibre required to undertake the relevant organisation's functions effectively and economically.
- Whilst there are standard terms and conditions which apply across the Group on a default basis, the SRA may propose to establish separate bargaining units, with different terms and conditions, where it considers that the standard terms would not enable staff of the calibre required to be recruited promptly and/or retained in a defined area of its business and that separate terms are thus required to enable the regulatory objectives to be met.
- The Law Society will respond to such a proposal within 20 working days. Where the Law Society does not agree with the proposal either as to the establishment of a separate bargaining unit or to the terms and conditions proposed within it, the matter will be determined by the SSRB at its next scheduled meeting, but no later than 20 working days following the Law Society's response.
- Where the SRA proposes to vary the terms or conditions of a previously agreed separate bargaining unit, it must make a proposal to the Law Society, which will be dealt with in the manner set out in the bullet point above.
- Exceptionally, even where a separate business unit has not been established, standard terms and conditions may be disapplied in an individual case where necessary to secure an individual of the calibre required, provided that can be done without unacceptable knock on consequences.