



The Law Society

Current Oversight Arrangements - May 2010

In general terms the oversight and scrutiny process can be described as ensuring that the SRA Board:

- operates in accordance to the principles of good regulation
- meets the seven regulatory objectives as laid out in the Legal Services Act , and
- ensures that value for money is delivered.

Approved regulators must be confident the resources given to their regulatory arm are applied properly in meeting the responsibilities laid out above. The Law Society needs to be confident that the SRA is compliant with its terms of reference, the Legal Services Act and any subsequent LSB guidelines and that it is carrying out its responsibilities effectively and with due regard to BRTF principles. Oversight arrangements are not driven by representative concerns, although the professional body can suggest areas for scrutiny.

Information requirements

If the SRA were to fail in the duties that have been delegated to it the LSB would take action (including fining) against the Law Society. Accordingly the Society must have access to information that highlights its regulatory arms performance.

The SRA is asked to provide the Society with the information it needs to be confident that they are appropriately discharging their responsibilities. This information includes:

- An overarching strategy setting out the SRA's vision of the way its functions should be discharged and the thinking behind that;
- An annual or periodic plan setting out regulatory policy development, enforcement action, success criteria and governance/ monitoring processes;
- Reports monitoring progress against the plan;
- The results of the internal monitoring of process and decision making ,measured against established criteria;
- Information about any changes to process arising out of non-performance, errors or failures;
- Assessment of the effectiveness of published criteria and the need for changes to such criteria concerning regulatory policy, regulatory monitoring, disciplinary action/enforcement, risk identification

Routine monitoring

In October 2008 the Law Society agreed what information the SRA should provide to it in order to allow the Society to fulfil its approved regulator role.

Routine Information currently provided by SRA	Frequency
<p>SRA Summary of Performance Measures and Statistics</p> <ul style="list-style-type: none"> • SDT decisions and orders, inc. comparisons with previous year • Prosecutions, no. of new and closed cases, numbers of cases at different stages, average age of tribunal matters • Forensic investigations, adverse reports as % of closures, no. of new, closed and rescinded cases inc. comparison with previous year, WIP • PSU, no. of full risk profiles completed, total visits and client care seminars, grades of visits, no. internal referrals, final outcomes • Regulatory investigations, no. of regulatory matter decisions, no. of applications, type of applications, no. of investigations and outcomes. • CIU, receipts, outcomes • Compensation Fund, claims and payments made in last 2 years, % of amount claimed paid out, outstanding liability • Interventions, no. of interventions, no. suspected of dishonesty, no. sole practitioner and 2-4 partner firms, long-term trends • Information, volume of calls to contact centre, service level and abandonment rates, emails and written correspondence, progress of operations unit (e.g. in processing PC renewals and student applications), progress in caseworking and applications unit (e.g. processing QLTT applications) • Ethics Guidance Services, telephone line (no. of calls received, answered and service level), areas sols most needing guidance about, abandonment rates • HRD update, FTE, no. of vacancies • Budget report 	<p>Quarterly in ‘SRA Summary of Performance Measures and Statistics’</p>
<p>Project plans and risk registers (and updates)</p>	<p>Quarterly. To keep track of higher-risk areas, and ensure being effectively managed within budget</p>
<p>Annual report</p>	<p>Annually. To get SRA to evaluate its owns performance against objectives</p>

Routine Information currently provided by SRA	Frequency
Trends in the profession e.g. new business structures, international issues, diversity stats	Ad hoc – when the SRA collects the information. To help assess whether regulation appropriately targeted given changing market trends

“Higher level scrutiny”

The new Joint Board will create a forum where non-routine oversight information can be shared and discussed. It is impossible to predict with any certainty which areas will be covered in this arena as the future cannot always be known. Some of the current higher level scrutiny matters which will be considered under this banner are:

- Is the QLTR entry route into the profession ensuring that new solicitors have met appropriate standards, without providing unjustified barriers to entry?
- Is PII, taken as a whole, striking the right balance between protecting the public and allowing a wide variety of law firms in the market place?
- Are plans for implementing the new fee system sufficiently supported by current IT systems, or appropriate contingency arrangements?
- What lessons have been learnt from interventions that lead to large numbers of claims from the Compensation Fund? Is it possible to minimise the risk of such situations occurring in the future?

The SRA accepts that it should inform the Law Society as soon as it discovers matters of concern. For example, they should not wait to tell the Society about a high impact issue until the quarterly report is produced or the next Joint Board meeting. The SRA should also proactively provide the Law Society with information that it thinks the approved regulator ought to know.

Future Development

These arrangements are not fixed for all time. The way in which the oversight function is carried out is likely to evolve over time, in the light of experience.

Any changes will be settled in discussion between the Law Society and SRA, including through the new Joint Board.

Decision making responsibility

All scrutiny – routine provision of information and “higher level” scrutiny – may lead to the Law Society suggesting changes to SRA’s policies and procedures. However, where such suggestions concern the SRA’s delegated regulatory decision making, it will be for the SRA Board alone to decide whether – and to what extent – to adopt the suggestion.

