

Our ref: LSB.PF.7.10
Your ref:



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Dear Tim,

SRA response to the LSB consultation on Practising Fees

We welcome the opportunity to respond to your consultation on new draft rules to replace the Practising Fee Rules 2016, made under section 51 of the Legal Services Act 2007.

We have a clear commitment to openness and transparency and have taken, and continue to take, steps to provide accessible and relevant information about all areas of our work, including our budgeting, business planning and operational performance.

As part of that this year we consulted for the first time on our forward business plan, setting out details of our work programme linked to each objective of our three-year Corporate Strategy. We included within this a breakdown of the resources allocated to each area and an overview of our budget. New principles for setting compensation fund contributions were also set out in the plan. We actively and widely promoted this consultation and reached out to a wide range of interest groups through social media and virtual workshops. It was a helpful exercise that generated useful feedback and insight, underscoring the importance of genuine engagement and discussion about our work.

The SRA's Corporate Strategy and Business Plan form part of a suite of publications that provide detail about the work we do, our regulatory focus and our resources. These include our quarterly performance reporting to our Board, which we publish [here](#).

We agree with your focus on regulators framing information about our work programmes around the Regulatory Objectives and Better Regulation Principles.

These form the basis of our work and of our decision making and we include explicit supporting information on the objectives and principles in all our Board papers

We also agree with the value of effective impact assessments. Equality, Diversity and Inclusion (EDI) is at the heart of our work and Equality Impact Assessments (EIAs) are an important mechanism for making sure that we understand how any proposed policy changes will affect different groups and for raising awareness of the structural challenges that we are all working to address. We are keeping our EIA programme under review as part of our wider work on EDI and in line with your emphasis on the role they play.

Assessing the regulatory impacts of work programmes and associated costs, linked to anticipated benefits, is an essential part of our policy development process. We welcome your clarification that the benefits of work to meet our regulatory and legal obligations, which makes up most of our operational work and is resourced accordingly, will be 'readily accepted' by the LSB.

You are also consulting on how practising certificate revenue is allocated to the permitted purposes that are not regulatory functions. This is a matter for the Law Society to consider. As you are aware, we have clear areas of common interest on where we work closely with the Law Society, for example on EDI, Lawtech, anti-money laundering and understanding changes in the insurance market. We have also collaborated very effectively to support the sector as it adapted to the challenges brought by the Covid-19 pandemic.

We set out some more specific observations and practical considerations in response to your specific questions in the annexed document.

Yours sincerely.

Tracy Vegro
Executive Director, Strategy and Innovation
Solicitors Regulation Authority

SRA responses to the questions in the LSB consultation

Question 1: Do you have any comments on the above draft Rules 1 to 12? Do you have any comments on the associated Guidance?

We have no other specific comments, other than those made in our accompanying letter.

Question 2: Does the overarching criteria in draft Rule E13 adequately set out the LSB's expectations of Approved Regulators when considering a practising fee application? Are there other criteria which should be included? Do you have any comments on the associated draft Guidance?

Overall, we consider that the criteria are adequate, and we have not identified any further criteria that should be included.

As highlighted in our accompanying letter, we already provide details of our work programmes in our business planning activity and various published material and will be developing that further. We would welcome the option to provide this material in support of our practising certificate application, as a proportionate and targeted approach to supplying the necessary information.

We welcome the clarification provided in the guidance relating to Rule 13.a that the benefits of work to meet our regulatory and legal obligations will be readily accepted by the LSB.

Question 3: Do you have any comments on draft Rules F14 to 16? Do you have any comments on the associated draft Guidance?

We have no comment around the proposed requirements in relation to the permitted purposes beyond the points set out in our accompanying letter.

You do not explicitly ask a question about draft Rules G 17 and 18, but we would find it helpful to have clarification on your proposal that regulators supply "Financial information for the previous year including a comparison of actual and budgeted income and expenditure." (para 60 p.15 consultation document). As the year we would be operating in would be incomplete at the time of making our fees application to you, could you please confirm whether it is the preceding year's information that is needed, or estimates for the year in which the application is made?

Question 4: Are draft rules H19 to 23 clear? Do you have other comments on these draft Rules or comments on the associated draft Guidance?

The Rules and supporting guidance are clear. We have no further comments.

Question 5: Do you have any comments on draft Rules I 24 and 25? Do you have any comments on the associated draft Guidance?

As mentioned in our covering letter, we already engage extensively with our regulated community both in terms of the practising fee process and throughout the year. We want to further develop our engagement and, as part of our work on becoming a distinct legal entity within the Law Society Group, we intend to consult and engage separately on our business plan and our portion of the practising fees next year.

Question 6: Are Rules J 26 to 30 regarding initial and full impact assessments clear? Do you have any comments on the associated draft Guidance?

As set out in our covering letter, we undertake the relevant impact assessments on all significant policy and project work. We are also able to carry out the relevant impact assessments on the level of fees, particularly comparing to previous years.

Question 7: Does the criterion set out at draft Rule K 31 adequately explain the matters which the LSB requires to be satisfied to approve a practising fee application? Are you content that the Rule on the interim collection of practising fees has been omitted from the draft Rules? Do you have any comments on draft Rules K 32 and 33?

The new draft Rule 31 is clear and, as we would never wish to do so, we support the removal of the interim collection rule. We have no comments on Rule 32 or 33.