



**Application made by the Solicitors Regulation Authority Board to the Legal Services Board under Part 3 of Schedule 4 to the Legal Services Act 2007, for the approval of the Regulatory Arrangements (Red Tape Initiative) Rules [2013]**

**A Summary**

1. This application is made to the Legal Services Board to approve changes to the SRA Handbook to effect the SRA's Red Tape Initiative reforms. The specific reforms are described under section C below; they aim to remove out-dated and unnecessary regulatory processes and requirements. In outline they are:
  - Remove restrictions on charging by in-house lawyers employed in not-for-profit organisations
  - Allow in-house solicitors employed by local authorities to charge charities for legal services
  - Approval of Registered European Lawyers (RELs) and Register Foreign Lawyers (RFLs) as new managers and owners
  - Approval of a single Compliance Officer for Legal Practice (COLP) or Compliance Officer for Finance and Administration (COFA) in related authorised bodies
  - Simplification of our regulation of training contracts for trainee solicitors
  - Simplification of our pre-admission processes and requirements.

**B Details of the SRA's current regulatory arrangements**

2. Since October 2011 the SRA has adopted a risk-based outcomes-focused approach to regulation. This is a regulatory regime that focuses on the high level principles and outcomes which drives the provision of services to clients and promotes the effective management of a solicitor's business. This approach allows for the SRA to focus on issues which really matter and fosters an environment where practitioners are required to take responsibility for managing their risks in particular contexts whilst allowing flexibility in how they deliver services.
3. The current regulatory provisions:
  - restrict in-house solicitors employed by law centres, charities or other non-commercial advice services, to charge for the provision of legal services
  - restrict local government in-house solicitors to act for charities and to make a charge for both contentious and non-contentious work

- require registered RELs and RFLs to apply for approval as a manager or owner of an authorised body
- do not allow for an applications for a single COLP or COFA in related entities if the applicant is not a manager or owner of that related entity
- place unnecessary requirements and restrictions on firms / in-house legal departments that take trainees (training establishments), including
  - requiring training establishments to obtain our approval to second a trainee solicitor to another organisation for more than one year, or to an organisation not authorised to take trainees - “trainee secondment approval”
  - allowing training establishments to take into account the length of a trainee’s previous legal experience in order to reduce the length of the training contract by up to six months, but then only allow them to reduce the length of the training contract by half of the length of the previous experience (the “half-equivalence training contract requirement”)
- place unnecessary requirements and restrictions on individuals prior to admission, including
  - requiring would-be entrants to the Legal Practice Course (LPC) to have an academic award (Qualifying Law Degree, Graduate Diploma in Law or Common Professional Examination) made within the previous seven years (the “shelf-life” of academic awards), which is arbitrary,
  - requiring students enrolled with the SRA to re-enrol every four years
  - requiring solicitors from the Republic of Ireland and Northern Ireland who are applying to qualify as solicitors of England and Wales under the SRA’s Qualified Lawyer Transfer Scheme (QLTS) to obtain a certificate of eligibility to register with the assessment body and proceed to the QLTS assessments, even though they are exempt from needing to take the QLTS assessments – “QLTS certificates of eligibility for Irish solicitors”.

## **C Nature and effect of the proposed amendments to the SRA’s regulatory arrangements**

4. The (draft) SRA Amendment to Regulatory Arrangements (Red Tape Initiative) Rules [2013], which are set out in Annex 1, were made by the SRA Board on 27 February 2013, subject to approval by the Legal Services Board (LSB). These changes are part of a wider project looking at all SRA regulatory processes regarded as restricting and unnecessary; and considering the impact of keeping as well as amending these processes on those we regulate and on their clients.
5. The effect of these proposed rules relating to each proposal are set out below.

### **Remove restrictions on charging by in-house lawyers employed in not-for-profit organisations**

6. The SRA Board has decided to delete Rule 4.16(b)(i) and (ii) of the SRA Practice Framework Rules 2011 to enable in-house lawyers employed by a law centre, charity or other non-commercial advice service, to charge for the provision of legal services.
7. The effect of this change is that in-house solicitors employed in not-for-profit organisations will be able to charge their clients for the provision of legal services.

As these organisations plan to become licensed by the SRA as special bodies in 2015, they will be able to develop their charging arrangements and identify any risks prior to the implementation of licensing.

#### **Allow in-house solicitors employed by local authorities to charge charities for legal services**

8. The SRA Board has decided to amend Rule 4.15(e) of the SRA Practice Framework Rules 2011 to enable local government in-house solicitors to act for charities and make a charge for both contentious and non-contentious work.
9. The current provisions allow for solicitors employed in local government to act for a charity or voluntary organisation provided that there is no charge. The effect of the change, as proposed, will allow for solicitors employed by local authorities to charge for and continue to provide specialist legal services to charitable organisations in areas such as education law, child exclusions, special educational needs, parental access to records, and compliance with data protection law on both a contentious and non-contentious basis. The change will allow local authorities the flexibility to provide services to charities who previously formed part of sections/departments of the local authority itself.

#### **Approval of RELs and RFLs as managers and owners of an authorised body**

10. The SRA Board has agreed to amend the Rule 13.2 of the SRA Authorisation Rules for Legal Services Bodies and Licensable Bodies 2011 so that RELs and RFLs are deemed to be approved as suitable managers or owners of authorised bodies provided that there are no conditions on that persons registration. The amendment to the Rule 14 also allows for the SRA to require an individual, who is deemed to be approved as suitable to be a manager or owner, to produce information or documentation in order to satisfy the SRA that they continue to meet the criteria for approval.
11. The effect of the change will reduce extra administrative burdens for both RELs/RFLs and the SRA, which have cost and resource implications for both parties. RELs and RFLs will be deemed to be approved as suitable managers or owners in the same way that solicitors are currently deemed to be approved.
12. With the development of outcomes-focused risk-based regulation, these proposed changes will place an increased onus on firms to take responsibility for proper due diligence and the assessment of candidates before appointment. It will also allow firms to take active steps in competing to recruit and retain the best international lawyers to enhance and support good quality legal services.

#### **Approval of a single Compliance Officer for Legal Practice/Compliance Officer for Finance and Administration in related entities**

13. The SRA Board has agreed to amend Rule 8 of the SRA Authorisation Rules for Legal Services Bodies and Licensable Bodies 2011 and Rule 4 of the SRA Practising Regulations to allow the COLP/COFA of an authorised body to be able to apply to be the COLP/COFA for any related authorised body, without the need to be a manager or employee of the related authorised body.

A definition of "**related authorised body**" is to be included in the SRA Handbook Glossary as follows:

**"related authorised body**

means an *authorised body* which has a *manager* or *owner* in common with another *authorised body*."

14. As part of this amendment, it is proposed that it should be possible to complete applications relating to multiple entities in one process. This change is not subject to the LSB's approval.
15. The proposed amendment will allow the COLP or COFA of an authorised body to apply to be the COLP or COFA of a related authorised body regardless of whether that individual is a manager or employee of that related body. Where a number of firm's operate effectively as one entity (although they comprise a number of separate authorised bodies), they will be able to have a single COLP or COFA operating across the group to ensure good control and risk management without the need to apply for a waiver of the "*manager/employee*" provision and complete multiple applications.

**Reform of requirements on training establishments**

16. We propose to:

- remove the trainee secondment approval requirement, so that training establishments can handle all secondments in the same way without SRA approval
- remove the half-equivalence requirement, so that training establishments have the discretion to take into account the full length of a trainee's previous legal experience in order to reduce the length of the training contract by up to six months.

**Reform of requirements on individuals prior to admission**

17. We propose to:

- remove the "shelf-life" of the academic award, so that there is no time limit on the validity of an academic award for entry onto the Legal Practice Course (LPC)
- remove the requirement for students enrolled with the SRA to re-enrol every four years; student enrolment will be for life or until admission as a solicitor or termination of the enrolment
- remove the requirement on solicitors from the Republic of Ireland and Northern Ireland to obtain a certificate of eligibility for QLTS assessments from which they are exempt.

**D Rationale for amendment**

18. Since we introduced outcomes-focused regulation (OFR), we have become increasingly aware that there remain some bureaucratic processes which have been carried through from our old rules-based approach to regulation. We have positively considered feedback from our stakeholders and examples of regulation

which are unnecessary or need to be amended having regard to the changing face of the legal landscape.

19. It is with this in mind that in November 2012, the Chair of the SRA Board announced the SRA's Red Tape Initiative with a view to ensuring that unnecessary bureaucratic processes and regulations are amended or removed and ensuring that we have in place a "*....a regulatory regime that focuses on the high level Principles and Outcomes that should drive the provision of services to clients...*". The initiative is an ongoing review and we will continue to make changes to our regulatory framework so that the Code of Conduct and Handbook contain only those provisions which are necessary and in the public interest.
20. As part of our this initiative, in December 2012 we issued a consultation which affirmed our commitment to have in place a regulatory framework which was fit for purpose and consistent with our approach to regulation and allowed us to focus on the areas of greatest risk and the issues which really matter. As part of the process we will take steps to ensure that significant risks to consumers and the wider regulatory objectives are not overlooked.
21. The reasons for the SRA Board's proposal are as follows:

- **Remove restrictions on charging by in-house lawyers employed in not-for-profit organisations** - the Legal Services Board (LSB) in April 2012 consulted on the licensing of these special bodies and raised the issue of the removal of the rule which prevented solicitors employed by these bodies from charging clients. The SRA has engaged with a number of law centres and advice agencies and discussed the pressures such bodies are experiencing due to changes in the provision of legal aid and reductions in local authority funding. Many such agencies have decided to supplement their resources, which are being reduced due to changes in legal aid provisions, by charging for their services while considering if the client can afford to contribute. Once licensed under the special bodies regime these agencies which provide reserved legal activities will be able to charge for their services. The amendment will allow for these organisations to develop their charging structures and for clients to consider from whom they seek advice. Additionally it will allow for the SRA to identify any substantive regulatory risk which should be considered as part of the licensing and supervision of special bodies.
- **Allow in-house solicitors employed by local authorities to charge for legal services** - the current provisions allow for solicitors employed in local government to act for a charity or voluntary organisation provided that there is no charge to the charity or voluntary organisation.

Local government is undergoing significant changes to how it operates and as a result some bodies which fell under or were part of a local authority have been transformed into stand-alone entities and in some cases have set up as charities. This is particularly noticeable in cases of schools, previously governed by local authorities, now setting up as academies or colleges with charitable status.

An amendment of the rule, as proposed, will allow for solicitors employed by local authorities to charge for and continue to provide specialist legal services to charitable organisations. If no change is made there is a risk that local authority solicitors will be prevented from delivering services in a

way which are in the public interest unless waivers are granted by the SRA.

- **Approval of RELs/RFLs as managers or owners** - currently, any individual applying to become a REL or RFL must complete an application for registration. Once registered, the individual must then complete a further application to be approved as a manager or owner of an authorised body. Solicitors however, provided that they satisfy certain criteria, are deemed to be approved as managers or owners of an authorised body.

The amendment will allow for RELs and RFLs to be deemed to be approved as suitable managers or owners in the same way that solicitors are currently deemed to be approved. The amendment will therefore, reduce extra administrative burdens for both the applicant and the SRA but will place an onus on firms to take responsibility for proper due diligence and checking of applications before appointments.

- **A single COLP or COFA application for related authorised bodies** - the SRA has seen many structures where firms operate as a single entity although they comprise a number of separate authorised bodies. In such cases, it may be appropriate for a single person to hold the role of COLP/COFA operating across all the related separate entities in the group to ensure good risk management and control.

The amendments will reduce financial and resource implications for the applicant and the SRA. The amendment will also enable the SRA to consider the application holistically and ensure early identification of risks within any group structure which it feels need to be addressed or provide reason for refusal of an application.

- **Reform of requirements on training establishments –**
  - We already require training establishments to ensure that all trainee secondments comply with the same SRA training and supervision requirements that apply to non-seconded trainees. There is no evidence that seconded trainees receive an inadequate training experience. Therefore, the need to obtain SRA approval process adds unnecessary administration, but does not address any identified risk.
  - The half-equivalence restriction sought to counter a perceived risk that experience prior to a training contract might lack the supervisory and learning requirements of the training contract. However, our regulatory requirements already recognise that training establishments are best placed to judge trainees' previous experience and assess the risk of reducing the overall training contract period. Our proposal logically extends training establishments' discretion to the judgement of the quality of trainees' previous legal experience.
- **Reform of requirements on individuals prior to admission**
  - Reform of the shelf-life of academic awards - the aim of the current requirement was to ensure that LPC entrants have the necessary underpinning knowledge of the law. However, the time limit is not based on any specific evidence regarding decline of knowledge

following degree level study. LPC providers and the would-be entrants themselves are best placed to assess the risks of investing time and resource in training some years after completing the academic stage. The requirement may also act as a barrier to those who have maintained their knowledge (e.g. through working in the legal sector) over several years since their academic award. The SRA safeguards the competence of those qualifying through the standards required to pass the LPC and to successfully complete the training contract, through which would-be solicitors must demonstrate that they are competent before qualification as a solicitor, including the possession of up to date knowledge of the law.

- Reform of student enrolment – the current re-enrolment requirement allows us to make a periodic check on a student's suitability before their admission. However, such a check is no longer necessary, because the risk of unsuitable individuals qualifying as solicitors is now minimised through the enhanced admission process which includes Criminal Records Bureau disclosure and the enhanced Suitability Test. Students have an ongoing duty to notify us of any new information which might affect their character and suitability.
- Reform of QLTS certificates of eligibility for Irish solicitors - the requirement to apply for a certificate of eligibility was introduced to ensure that lawyers seeking to qualify as solicitors of England and Wales have their eligibility checked by us before they register with the assessment body and proceed to the QLTS assessments. The aim is to minimise the risk of unsuitable individuals taking the assessments only to be refused admission at a later date. However, the requirement currently applies, unnecessarily, to Republic of Ireland solicitors who benefit from Directive 2005/36 and Northern Irish solicitors, neither of which need to take any of the QLTS assessments. Removal of the requirement will remove costs and a regulatory burden for applicants who do not have to take any assessments. It will also ensure that there are no artificial barriers to gaining admission, which would put us in breach of Directive 2005/36. The risks associated with this amendment are minimal since these applicants will still be subject to a full assessment of eligibility and suitability prior to admission.

## **E Statement in respect of the LSA Regulatory Objectives**

22. The SRA must, so far as is reasonably practicable, act in a way that is compatible with the regulatory objectives set out in the Legal Services Act 2007, and in a way that it considers to be most appropriate for the purpose of meeting those objectives. The SRA Board is satisfied that its proposals are compatible with the regulatory objectives and represent an appropriate means of meeting these objectives.

23. Protecting and promoting the public interest

- **Remove restrictions on charging by in-house lawyers employed in not-for-profit organisations** - the proposals promote the public interest in that it allows for not-for-profit organisations to develop their models and maintain a good level of service and excellence for those that they provide services to. An amendment to the rules removes an unnecessary process

and the costs involved. The public interest will be protected by the safeguards within the SRA Code of Conduct which confirm that practitioners act in their clients best interests.

- **Allow in-house solicitors employed by local authorities to charge charities for legal services** - the proposal will allow solicitors employed in local authorities to continue to provide specialist services in a flexible and efficient manner without having to compromise on time or resources. Benefits of the change will allow local authority solicitors to deliver services in a way which is in the public interest. There is a risk that should the change not be made, local authority solicitors may be prevented from supporting charities with their expert services.
- **Approval of RELs/RFLs as managers or owners** - the proposed changes are consistent with the development of risk-based outcomes-focused regulation. The public interest will be protected by the regulatory provisions relevant to the registration of RELs and RFLs.
- **A single COLP or COFA in related authorised bodies** - reform of the way in which applications are considered where a single COLP or COFA is being nominated for related authorised bodies will ensure early identification of risk. It will afford the SRA the opportunity to consider applications holistically and look at how firm's intend to manage risks so that the individual is in a position to carry out their roles effectively. The application process ensures that the public interest is protected as we will refuse all or any part of an application or request further information.
- **Reform of requirements on training establishments**
  - Trainee secondment approval reform – because of the existing requirements on training establishments to ensure that all trainee secondments comply with the same SRA training and supervision requirements that apply to non-seconded trainees, there is no risk to the quality of trainees' experience. An unnecessary process, and associated cost, is removed. There is a benefit to training establishments and more especially to the consumers of legal services, to whom trainees are often seconded by training establishments. Such secondments will be able to be arranged as business needs demand rather than waiting for SRA approval, a process that currently takes typically 12 weeks.
  - Reform of the half-equivalence training contract requirement – this proposal will allow training establishments to fully accredit trainees for equivalent experience, up to a maximum of six months. It therefore benefits trainees who have significant previous experience and helps ensure that there are no artificial barriers to their qualification.
- **Reform of requirements on individuals prior to admission**
  - Reform of the shelf-life of academic awards – this proposal removes a current artificial barrier to would-be entrants to the solicitors' profession whose period of academic study was over 7 years prior to their intended entry onto the LPC. As well as promoting access to the solicitors' profession (which will still be fully quality assured through the



requirements of the LPC and training contract stages) there are potential diversity benefits for older would-be entrants to the profession, and potentially to members of other groups with protected characteristics, e.g. persons returning to work after a period of family commitments.

- Reform of student enrolment – this proposal offers increased simplicity for students without any increase in risk. An unnecessary process, and associated cost, is removed.
- Reform of QLTS certificates of eligibility for Irish solicitors - the SRA will demonstrably be complying with Directive 2005/36, and there will be benefit to Irish and Northern Irish solicitor applicants. There are no risks associated with this amendment since these applicants will still be subject to a full assessment of eligibility and suitability prior to admission.

#### 24. Supporting the constitutional principle of the rule of law

- **Remove restrictions on charging by in-house lawyers employed in not-for-profit organisations** - the proposed changes to the rules are considered by the SRA to have a neutral effect on these regulatory objectives.
- **Allow in-house solicitors employed by local authorities to charge charities for legal services** - the proposed changes to the rules are considered by the SRA to have a neutral effect on these regulatory objectives.
- **Approval of RELs/RFLs as managers or owners** - the proposed changes to the rules are considered by the SRA to have a neutral effect on these regulatory objectives.
- **A single COLP or COFA in related authorised bodies** - the proposed changes to the rules are considered by the SRA to have a neutral effect on these regulatory objectives.
- **Reform of requirements on training establishments / reform of requirements on individuals prior to admission the half-equivalence training contract requirement** - the proposals have no foreseeable negative impacts on this regulatory objective

#### 25. Improving access to justice

- **Remove restrictions on charging by in-house lawyers employed in not-for-profit organisations** - there is a risk that if the restriction is not removed that the sector will be negatively impacted with a consequent harm to consumers particularly those who may be vulnerable. The amendment will allow organisations to develop their charging arrangements and promote to clients/potential clients the services they can offer without having to compromise on resource.
- **Allow in-house solicitors employed by local authorities to charge charities for legal services** - an amendment of the rule to allow for charities to be charged will enable solicitors employed by local authorities to continue to provide specialist legal services to charities and will provide a degree of

flexibility for all concerned. The proposed amendments have no foreseeable negative impacts on this regulatory objective.

- **Approval of RELs/RFLs as managers or owners** - the proposed changes are considered by the SRA to have a neutral effect on this regulatory objectives.
- **A single COLP or COFA in related authorised bodies** - the proposed changes are considered by the SRA to have a neutral effect on this regulatory objective.
- **Reform of requirements on training establishments / reform of requirements on individuals prior to admission the half-equivalence training contract requirement** - the proposals have no foreseeable negative impacts on this Regulatory Objective. The reform of QLTS certificates of eligibility for Irish solicitors will make the transfer of Irish and Northern Irish solicitors into the English profession more effective, with a knock-on benefit in terms of access to justice for clients.

#### 26. Protecting and promoting the interests of consumers

- **Remove restrictions on charging by in-house lawyers employed in not-for-profit organisations** - we consider that the provisions in the provisions relating to client care and fee arrangements as set out in the SRA Code of Conduct 2011 promote the interests of consumers so that they are able to make informed decisions and are not taken advantage of. Maintaining the restrictions could potentially have a negative impact on the sector and consequential impact on consumers seeking the services of special bodies.
- **Allow in-house solicitors employed by local authorities to charge charities for legal services** - the proposed changes are considered by the SRA to have a neutral effect on this regulatory objective.
- **Approval of RELs/RFLs as managers or owners** - the proposed changes are considered by the SRA to have a neutral effect on this regulatory objective.
- **A single COLP or COFA in related authorised bodies** - having a single appointed COLP or COFA in related authorised bodies will promote good control and risk management which will in turn promote the interests of consumers.
- **Reform of requirements on training establishments / reform of requirements on individuals prior to admission** - the proposals have no foreseeable negative impacts on this regulatory objective. The proposed reform of trainee secondment approval reform benefits to training establishments and more especially to the consumers of legal services, to whom trainees are often seconded by training establishments. Such secondments will be able to be arranged as business needs demand rather than waiting for SRA approval, a process that currently takes typically 12 weeks.

#### 27. Promoting competition in the provision of services

- **Remove restrictions on charging by in-house lawyers employed in not-for-profit organisations** - we considered whether the implementation of this change, prior to special bodies being licensed, would create risks to achieving this objective, given that the regulatory approach for these special bodies would differ from that for currently recognised and licensed bodies. However, given the small number of special bodies compared to authorised bodies and the narrow band of legal areas they focus on, we do not consider that there will be a negative impact on competition across the legal sector.
- **Allow in-house solicitors employed by local authorities to charge charities for legal services** - we do not consider that the proposal will have a negative impact on this regulatory objective.
- **Approval of RELs/RFLs as managers or owners** - the proposal will allow firms to take active steps in competing to recruit and retain the best international lawyers to enhance and support good quality legal services. This proposal promotes competition in the profession and in the provision of legal services.
- **A single COLP or COFA in related authorised bodies** - the proposed changes are considered by the SRA to have a neutral effect on this regulatory objective.
- **Reform of requirements on training establishments / reform of requirements on individuals prior to admission** - the proposals have no foreseeable negative impacts on this regulatory objective.

## 28. Encouraging an independent, strong, diverse and effective legal profession

- **Remove restrictions on charging by in-house lawyers employed in not-for-profit organisations** - the proposed changes will encourage solicitors employed in special bodies and the body itself to develop business models which are properly governed and effective to ensure they are suitable to licensed.
- **Allow in-house solicitors employed by local authorities to charge charities for legal services** - the proposed changes are considered by the SRA to have a neutral effect on this regulatory objective.
- **Approval of RELs/RFLs as managers or owners** - the social and economic backgrounds of practitioners increases the likelihood of consumers seeking legal advice and assistance from practitioners with similar backgrounds. This is encouraging for firms who retain RELs and/or RFLs as managers and owners as the business will then develop so that it can provide services to consumers from all backgrounds. The proposal will help increase the diversity of the personnel of firms which will make it parallel to the diversity of the population, which will promote the effective delivery of legal services.
- **A single COLP or COFA in related authorised bodies** - the proposed changes are considered by the SRA to have a neutral effect on this regulatory objective.
- **Reform of requirements on training establishments / reform of requirements on individuals prior to admission** - the proposal has no

foreseeable negative impacts on this regulatory objective. As well as promoting access to the solicitors' profession (which will still be fully quality assured through the requirements of the LPC and training contract stages) the reform of the shelf-life of academic awards would bring potential diversity benefits to the profession in terms of older would-be entrants to the profession, and potentially members of other groups with protected characteristics, e.g. persons returning to work after a period of family commitments.

#### 29. Increasing public understanding of the citizen's legal rights and duties

- **Remove restrictions on charging by in-house lawyers employed in not-for-profit organisations** - users of legal services should be aware of their rights and responsibilities. Adherence to the SRA Code of Conduct and outcomes relating to client care is obligatory and clients of special bodies will be expected to have received sufficient information relating to costs and fees so that they can make an informed decision about the services which they require.
- **Allow in-house solicitors employed by local authorities to charge charities for legal services** - the SRA's regulatory provisions as set out in the SRA Code of Conduct makes it obligatory for providers of legal services to inform clients of their rights including the right to make a complaint to the Legal Ombudsman. The proposal and the arrangements in place do not, therefore, have any negative impact on this regulatory objective.
- **Approval of RELs/RFLs as managers or owners** - RELs and RFLs as managers or owners of an authorised body will carry the same responsibilities as solicitors who are deemed to be approved as managers or owners. No negative impact can therefore, be foreseen in respect of this regulatory objective.
- **A single COLP or COFA in related authorised bodies** - the proposed changes are considered by the SRA to have a neutral effect on this regulatory objective.
- **Reform of requirements on training establishments / reform of requirements on individuals prior to admission** - the proposals have no foreseeable negative impacts on this regulatory objective.

#### 30. Promoting and maintaining adherence to the professional principles

- **Remove restrictions on charging by in-house lawyers employed in not-for-profit organisations** - the SRA Principles and provisions contained within the SRA Handbook govern the behaviour of all individuals regulated by the SRA. The proposal will look to enhance compliance with the professional principles as special bodies look to become licensed.
- **Allow in-house solicitors employed by local authorities to charge charities for legal services** - as above.
- **Approval of RELs/RFLs as managers or owners** - the proposal promotes adherence to the professional principles as only those who are suitable to be registered as a REL or RFL will be authorised by the SRA. Furthermore, only

those RELs and RFLs that are able to demonstrate their understanding and application of the principles are likely to be recruited as managers or owners of firm's who have a good professional standing in the sector.

- **A single COLP or COFA in related authorised bodies** - this proposal will provide for effective control and risk management across structures which encompass a number of separate regulated entities and therefore, the individual will be responsible for promoting adherence to professional principles to a larger audience. This should provide for effective cross-functional learning and sharing of best practice.
- **Reform of requirements on training establishments / reform of requirements on individuals prior to admission** - the proposals have no foreseeable negative impacts on this regulatory objective.

## **F Statement in respect of the Better Regulation Principles**

31. The SRA Board considers that the requested alterations fulfil this organisation's obligations under section 28 of the Legal Services Act to have regard to the Better Regulation Principles.
32. The amendments to the SRA Handbook (as set out in Annex 1) are proportionate and targeted regulatory requirement, in the sense that it is the least prescriptive requirement that achieves the necessary level of protection for consumers and the public interest. The proposals will better target our regulation by removing unnecessary administrative processes and out-dated regulations. The proposals do not have any negative impact in relation to any of the other principles.
33. The SRA has consulted publicly on the proposed changes and taken account of the views of stakeholders in developing the amendments to the SRA Handbook. It has therefore acted in an accountable way in developing this change to the regulatory arrangements and, subject to approval by the Legal Services Board, will ensure that changes are published and implemented transparently.

## **G Statement in relation to desired outcomes**

34. The SRA's desired outcome is to have in a place a regulatory framework which contains only those processes and regulations that appear to benefit the public or aligned with risk-based outcomes-focused regulation.
35. We will assess the outcome of our proposals as we continue to develop and function as a risk-based regulator focusing on areas of greatest risk and on those issues which matter the most.

## **H Stakeholder engagement**

36. The SRA published a formal consultation setting out our proposals in December 2012. The consultation was also designed to give everyone we regulate, those who use the legal services we regulate, and others with an interest in legal regulation, the opportunity to suggest more ways we could remove, curtail or simplify any of our regulations or processes without compromising our ability to regulate in the public interest.

37. The closing date for responses was 8 February 2013. 93 responses were received in total, 56 of which came from individuals at one local authority, primarily in response to Proposal 2. A copy of the report on the responses to the formal consultation is included in the SRA Board paper as Annex 2.

#### **I Statement in relation to impact on other Approved Regulators**

38. There is no impact on any other Approved Regulator under the Legal Services Act 2007 of any of the SRA's proposals.

#### **J Implementation timetable**

6 March 2013	Application for approval of the Regulatory Arrangements (Red Tape Initiative) Rules [2013]
3 April 2013	Proposed change implemented in Edition 7 of the SRA Handbook

#### **K Further explanatory information**

**Annex 1 SRA Board Paper on the Red Tape Initiative – including SRA Amendment to Regulatory Arrangements (Red Tape Initiative) Rules [2013]**

#### **K SRA contact for matters relating to this Application:**

Agnieszka Scott  
Director of Policy and Strategy  
Solicitors Regulation Authority  
The Cube, 199 Wharfside Street, Birmingham, B1 1RN

Telephone: 0121 329 6562  
Email: [agnieszka.scott@sra.org.uk](mailto:agnieszka.scott@sra.org.uk)