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LEGAL SERVICES
BOARD

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29 January 2019

Dear Robert

LSB investigation into The Law Society's oversight and monitoring arrangements for the Solicitors Regulation Authority: Undertakings report

Thank you for submitting your report on 30 November 2018 as required by the undertakings agreed in May 2018. We sought and received feedback on your report from the Solicitors Regulation Authority (SRA), in accordance with paragraph 4 of the undertakings.

The Legal Services Board (LSB) notes the actions taken by The Law Society in addressing the investigation findings and the changes made to its General Regulations in October 2017. It is imperative that the steps taken by The Law Society to ensure that the new governance arrangements with the SRA continue to have regard to their impact on the SRA's effectiveness. In assessing your report we make the following points:

- As stressed in our discussions with Law Society colleagues and at the Business Oversight Board meeting in September 2018, the importance of embedding the behaviour change prompted by the LSB investigation across The Law Society should remain in sharp focus. We welcome the steps taken as set out in your report and note that the new governance arrangements and emerging culture change remain a work in progress. While you set out your wider culture change programme which is a helpful indication of the developing approach, the LSB is more concerned with The Law Society's culture of compliance with the internal governance rules (IGR) but we recognise that this will be an element of your wider change programme.
- It is important that requests for information from the SRA do not extend beyond the remit of the agreed protocol included in the General Regulations. The SRA notes in

its response that there have been further requests for information which '*go wider than the committees' terms of reference*'. The Chairs of the relevant boards and others at The Law Society who request information from the SRA must ensure that these are justifiable in regards to your assurance responsibilities. We expect The Law Society to ensure that this practice is monitored on a regular basis.

- The assessment of the steps taken by The Law Society has been considered in the context of the LSB's recent consultation on proposed new internal governance rules, which closed on 21 January 2019. The investigation findings have informed the proposed IGR and the LSB considers that, in addition to The Law Society actions, the clarity provided in the new IGR will provide a common understanding of the assurance role of The Law Society as an approved regulator.

As detailed in the IGR consultation, the LSB intends to monitor compliance with the IGR through the regulatory performance framework. The LSB will include the points made above in our assessment of compliance by The Law Society.

Finally, the LSB accepts that the undertakings have been fulfilled by The Law Society in conclusion of this enforcement action.

The LSB will shortly publish on our website this letter alongside your report (but not your annexes) and the submission from the SRA.

I am copying this letter to Christina Blacklaws as President of the Council with responsibility for discharging The Law Society function as approved regulator.

Yours sincerely

A handwritten signature in cursive script that reads "Helen Phillips".

Dr Helen Phillips
Chair

Cc Christina Blacklaws, President