



The Law Society

## **General Regulations**

**Updated March 2018**





The Law Society

## THE LAW SOCIETY'S GENERAL REGULATIONS

### Contents list (still to be completed)

#### THE LAW SOCIETY'S GENERAL REGULATIONS

Made on 27 March 2013 and amended on 14 May 2014, 14 October 2014, 19 October 2016, 26 October 2017, 7 December 2017 and 21 March 2018.

#### INTERPRETATION

- 1(1) An expression defined in the Charter or the Bye-Laws has the same meaning in these Regulations, unless the context otherwise requires.
- (2) In these Regulations -
  - (a) "the Act" means the Solicitors Act 1974;
  - (b) "the 2007 Act" means the Legal Services Act 2007;
  - (c) "the Board" means the Board established by Regulation 15(1);
  - (d) "the Charter" means the Royal Charter of 26 February 1845, as supplemented by Charters of 1872, 1903, 1909 and 1954 and as amended subsequently;
  - (e) "Chief Executive" means the Chief Executive of the Society;
  - (f) "Committee of the Board" means a committee established under Regulation 43;
  - (g) "office holders" means the President, Vice President, and Deputy Vice President;
  - (h) "permitted purposes" has the meaning given in section 51 of the 2007 Act;
  - (i) "Policy and Regulatory Affairs Committee" and "Membership and Operations Committee" have the meaning given in Regulation 43;
  - (j) "practising fees" has the meaning given in section 51(1) of the 2007 Act;
  - (k) "regulated persons" has the meaning given in section 21(3) of the 2007 Act and includes compliance officers and owners of regulated firms and those employed or remunerated by regulated individuals or firms;
  - (l) "regulatory arrangements" has the meaning given in section 21 of the 2007 Act;
  - (m) "regulatory functions" has the meaning given in section 27 of the 2007 Act;

- (n) "representative functions" has the meaning given in section 27 of the 2007 Act;
  - (o) "Special Committee" means a Special Committee of the Council established under Regulation 20;
  - (p) "the Society" means the Law Society;
  - (q) "SRA" means the Solicitors Regulation Authority; and
  - (r) "SRA Board" means the Solicitors Regulation Authority Board, constituted under Regulation 15(1)(c).
- (3) Any reference in these Regulations to the Act, the 2007 Act, any other Act, any Statutory Instrument or rules or regulations made by the Council or the SRA Board is a reference to that Act, Statutory Instrument, rules or regulations, as subsequently amended, re-enacted or replaced.
- (4) The Interpretation Act 1978 applies to these Regulations as to an Act of Parliament.

## **COUNCIL MEETINGS AND PROCEDURES**

### **Dates of Council meetings**

- 2 The dates of regular Council meetings shall be fixed by the Council.
- 3 The President may -
- (a) alter any date for a regular Council meeting; or
  - (b) cancel a regular meeting which has been scheduled.
- 4 A special Council meeting may be called by –
- (a) the President;
  - (b) any 25 Council members by giving notice to the Chief Executive; or
  - (c) the Chief Executive.
- 5 The date and business of a special Council meeting shall be specified by the person or persons calling it and no business other than that so specified shall be taken at the meeting.

### **Chairing of Council meetings**

- 6(1) The President shall take the chair at all Council meetings.
- (2) In the absence of the President, or if he or she declines to take the chair, the Vice President shall take the chair.
- (3) In the absence of both the President and the Vice President, or if both decline to take the chair, the Deputy Vice President shall take the chair.

- (4) If the President, Vice President and Deputy Vice President are absent, or if all of them decline to take the chair, the Council members present shall choose one of their number to preside.

### **Quorum at Council meetings**

- 7(1) A Council meeting shall be adjourned if fewer than 25 Council members are present.
- (2) If a quorum ceases to exist at any Council meeting and the meeting is adjourned under (1), this shall not affect the validity of any business transacted when a quorum was present.
- (3) In determining whether a quorum is present at any Council meeting, any member shall be excluded from the quorum for the consideration of any item of business if he or she is disqualified from participating in the consideration of that item in accordance with the Code of Practice on Conflicts of Interest.

### **Admission to Council meetings**

- 8(1) Any member of the Society or legal journalist shall be entitled to attend, and to receive agenda papers for, the non-confidential part of Council meetings, subject to obtaining a ticket in advance if the Chief Executive considers this necessary.
- (2) The chair of the SRA Board or, in his or her absence, another member of the SRA Board, shall be entitled to -
- (a) attend and receive agenda papers for Council meetings (including business designated as confidential relating to work of the SRA Board);
  - (b) move resolutions on behalf of the SRA Board; and
  - (c) otherwise speak, with the permission of the chair of the meeting.
- (3) Members of the SRA Board shall be entitled to attend and receive agenda papers for Council meetings (including business designated as confidential relating to the work of the SRA Board).
- (4) Non-Council members of the Business and Oversight Board shall be entitled to attend and receive agenda papers for Council meetings (including business designated as confidential) relating to the work of the Business and Oversight Board.

### **Order of business at Council meetings**

- 9 Unless the chair directs otherwise, the order of business at Council meetings shall be –
- (a) the chair shall be taken in accordance with Regulation 6;
  - (b) the minutes of the preceding meeting shall be taken as read and, subject to any correction, confirmed;
  - (c) answers shall be given to questions; and
  - (d) other business shall be taken in the order directed by the chair.

## **Motions at Council meetings**

- 10(1) Motions may be proposed at Council meetings by –
- (a) the chair;
  - (b) the Board;
  - (c) the Business and Oversight Board;
  - (d) the SRA Board;
  - (e) the Policy and Regulatory Affairs Committee;
  - (f) the Membership and Operations Committee; and
  - (g) individual Council members.
- (2) No motion may be proposed by the Board or the Business and Oversight Board inviting the Council to take action on any matter exclusively within the terms of reference of the SRA Board, but the Board and the Business and Oversight Board may propose a motion to request the SRA Board to consider an issue exclusively within the latter's terms of reference.
- (3) A motion proposed by the Board or the Business and Oversight Board may be moved by the chair of that board, or by any Council member who is a member of it, and shall not be seconded.
- (4) A motion proposed on behalf of the SRA Board shall be moved by the chair of the SRA Board, or a member of the SRA Board acting on his or her behalf, and shall not be seconded.
- (5) A motion by the chair of the Council meeting shall not be seconded.
- (6) Subject to (7), a motion to be proposed by a Council member shall be included in the agenda for the meeting only if –
- (a) notice of the motion has been received by the Chief Executive not less than 12 clear working days before the meeting; and
  - (b) in the opinion of the chair the motion relates to the affairs of the Society or of the solicitors' profession.
- (7) A Council member's motion which has been received within 12 clear working days before a Council meeting shall be taken only in case of urgency, as determined by the chair.

## **Closure of debate**

- 11(1) A member who has not spoken in a debate and who wishes to move the closure of the debate shall do so by moving a motion (a "closure motion") either -
- (a) that the question be put; or

- (b) that the meeting proceeds to the next business.
- (2) A closure motion shall be seconded by a member who has not spoken in the debate.
- (3) No debate on a closure motion shall take place, and the closure motion shall be put to the vote immediately after it has been proposed and seconded.
- (4) If a closure motion is carried which is in the form of a motion that the question be put, the mover of the motion being discussed shall, unless the chair directs otherwise, have the right to reply before that motion is put.
- (5) Unless the chair otherwise directs before the closure motion is put to the vote the passing of a motion to close the debate on an amendment to a motion shall not prevent -
  - (a) the continuation of the debate on the motion; or
  - (b) any further amendments to the motion being moved.
- (6) A closure motion under this Regulation shall be passed if at least two-thirds of the members present and voting vote for it.

### **Voting**

- 12(1) Unless the Charter, the Bye-Laws or these Regulations otherwise provide, all questions before the Council shall be decided by a majority of the members present and voting.
- (2) In the event of an equality of voting, the chair shall have a second, or casting, vote.

### **Rescission of resolutions**

- 13 No resolution of the Council shall be rescinded (wholly or partly) within one year, unless -
  - (a) written notice has been sent to all Council members; or
  - (b) the rescission is, or arises from, a recommendation in a report from a board or committee.

### **Adjournment of Council meetings**

- 14(1) The chair may adjourn a Council meeting to a future fixed day and time, and shall do so if directed by the meeting.
- (2) No business shall be transacted at an adjourned Council meeting other than business left unfinished at the meeting that was adjourned.
- (3) If a Council meeting is adjourned for seven days or more, notice of the adjourned meeting, and of the business to be transacted at the adjourned meeting, shall be given to all Council members.
- (4) If a Council meeting is adjourned for less than seven days, no notice need be given of the adjournment, or of the business to be transacted at the adjourned meeting.

## **BOARD STRUCTURE AND DELEGATION**

### **Establishment of boards**

- 15(1) There shall be the following boards -
- (a) the Board;
  - (b) the Business and Oversight Board; and
  - (c) the Solicitors Regulation Authority Board (“SRA Board”).
- (2) The President, Vice President and Deputy Vice President shall be *ex officio* members of the Board, but shall not be eligible to serve as chair of that Board while serving as President, Vice President or Deputy Vice President.

### **Discharge of functions**

- 16(1) The boards listed in Regulation 15(1) shall be deemed to be committees of the Council for the purpose of Section 79(1)(a) of the Act, and as such shall be empowered to carry out such of the Council’s functions as are referred to in their terms of reference.
- (2) The boards listed in Regulation 15(1) may arrange by resolution for functions which may be discharged by them to be discharged by –
- (a) sub-units of the board (by whatever name known) which shall be deemed to be sub-committees of committees of the Council for the purpose of Section 79(2)(a) of the Act; or
  - (b) individuals (whether or not members of the Society’s staff).
- (3) Sub-units of boards may arrange for functions which may be discharged by them in accordance with Regulation 16(2)(a) to be discharged by members of the Society’s staff.
- (4) Where functions may be discharged in accordance with this Regulation by the holder of a post or office, they may be discharged by the holder of that post or office for the time being, or by any person temporarily filling that post or office.
- (5) This Regulation does not preclude the Council, the boards, or any sub-unit of any of the boards, from directly discharging a function which has been delegated in accordance with this Regulation, but the Council shall not discharge any function delegated under these Regulations to the SRA Board except where the SRA Board has failed to comply with a direction under Regulation 33 within the time specified for compliance in that direction.
- (6) This Regulation does not affect the terms under which the Chief Executive, the SRA Chief Executive and other members of the Society’s staff (including those working for the SRA) perform their duties in accordance with their contracts of employment, job descriptions or internal office procedures.

## **Equality, Diversity and Inclusion Training**

- 17(1) No Council or non-Council member shall take office (whether for the first time or on re-election or re-appointment) as a member of any board (including any sub-unit of a board but excluding the SRA Board), Special Committee, Committee of the Board, or Law Society Committee unless he or she has undertaken prescribed equality, diversity and inclusion training.
- (2) No Council or non-Council member shall take office as chair of any of the bodies referred to in (1) or of any recruitment panel within the Society unless he or she has undertaken prescribed training on unconscious bias and disability issues.
- (3) In this Regulation, "prescribed" means prescribed by the Council, and the training prescribed for Council members as a condition for taking office as a member of the bodies referred to in (1), or as a chair of the bodies referred to in (2), shall be additional to that which is mandatory for all Council members under the relevant Bye-Law provisions.

## **PROFESSIONAL BODY MATTERS**

### **Membership of the Board**

- 18 The Board shall consist of -
- (a) a chair, who shall be a solicitor and may or may not be a Council member, appointed by the Council following a recommendation by a selection committee elected for the purpose by ballot of the Council;
  - (b) the President;
  - (c) the Vice President;
  - (d) the Deputy Vice President;
  - (e) the chairs of the Policy and Regulatory Affairs Committee and the Membership and Operations Committee established under Regulation 43;
  - (f) three other Council members, elected by ballot of the Council;
  - (g) two solicitors, who shall not be Council members, appointed by the Council following a recommendation by the selection committee;
  - (h) up to two further members, who shall not be solicitors, appointed by the Council following a recommendation by the selection committee (non-voting);
  - (i) the Chief Executive (non-voting);
  - (j) the Executive Director of Delivery and Performance (non-voting); and
  - (k) up to two members, who may or may not be solicitors, and may or may not be Council members, co-opted by the Board for a period of one year, provided that



such co-option may be renewed for up to one further year. Co-opted members shall be non-voting.

### **Terms of Reference of the Board**

19 (1) The Council of the Law Society of England and Wales remains the sovereign body for all Society business. Subject to the powers and responsibilities delegated to the Business and Oversight Board and the SRA Board, the Council delegates matters to the Board from time to time as set out in the terms of reference below.

(2) The terms of reference of the Board are -

#### *A: General responsibilities*

1. To act as the oversight body managing the effective implementation of the Society's strategy and annual business plan as set by the Council;
2. To support the effective development and implementation of Society policy;
3. To act as the oversight body in relation to the Society discharging its permitted purposes functions under the Legal Services Act 2007;
4. To support and oversee effective engagement with Society members and other key stakeholders at home and abroad;
5. To support and oversee the work of the Society's specialist policy committees, ensuring the co-ordination of the Society's position on legal and regulatory matters in England and Wales and in other jurisdictions, including (but not limited to) the promotion of the solicitors' profession, the effective operation of legal institutions, access to justice, the protection of human rights, good law making and upholding the rule of law;
6. To approve and oversee the handling of any litigation arising from the Society's functions which could impact on the reputation of the Society or the interests of members and/or the public, or could result in damages and/or costs payable in excess of a limit to be agreed from time to time by the Council, and
7. To ensure that all matters of strategic importance to the Society and the profession, including potential future developments, are brought to the attention of the Council.

#### *B: Business plan, budget and financial matters*

1. To recommend to the Council the Society's business plan and budget, and to oversee the appropriate delivery of the Society's strategy and business plan as against the agreed budget, reporting on this to the Council;
2. To review and recommend the Society's annual report and accounts before submission to the Council for adoption;
3. To recommend to the Council the amount to be collected through the practising certificate fee in order for the Council to set the total amount to be raised and to set, in relation to the proportion of practising fees to be applied for permitted purposes relating to representative functions, the respective amounts that should be payable by particular categories of solicitor and firm;

4. To support and offer constructive guidance and challenge to the Chief Executive in relation to the delivery of the business plan;
5. To ensure that the Chief Executive discharges her/his duties effectively (on the basis of an agreed job description);
6. To oversee the effective management of the resources of the Society, in line with agreed delegated financial authorities (including permitted and non-permitted purposes expenditure), significant revenue-generating activity, investments in new businesses, decisions to cease to operate all or a significant part of any Society business and all matters to do with the Society's property, subsidiary companies, trusts, bursaries, bequests, staff pensions, and matters done under the common seal;
7. To approve unbudgeted expenditure (the financial limit to be agreed by Council)<sup>1</sup>;
8. To agree the levels of delegation to the Chief Executive;
9. To approve major capital projects, and any contractual commitments, in line with agreed delegated financial authorities;
10. To ensure the maintenance of a sound system of internal audit and risk management, including: approval and monitoring of the Society's risk register and internal audit and control environment and ensuring that the internal audit programme supports, as necessary, the work of the external auditors;
11. To report to the Audit Committee annually on the operation of the systems of financial control, risk management and internal audit, including on how they operate in respect of shared services and common systems;
12. To report to the Audit Committee any matters in the systems for financial control, or elsewhere, which are relevant to the Audit Committee's responsibility to provide assurance to the Council on the Society's accounts and financial statements;
13. To approve, on the basis of recommendations from the Remuneration Committee where relevant, the performance management framework, pay policy and terms and conditions, for the Chief Executive and the executive directors;
14. To appoint the Society's external auditors, on the advice of the Audit Committee.

*C: Governance responsibilities*

1. To support and oversee the governance of the Society, and to keep under review the Charters, Bye-Laws, and General Regulations, reporting to the Council on suggested changes to these, for determination by the Council;
2. To recommend to the Council, for determination by the Council, an appropriate structure of sub-Boards, sub-committees of the Board, and committees and recommend their terms of reference for approval by the Council;

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<sup>1</sup> This was agreed by Council on 21 March 2018 at £1 million.

3. To set the framework for dealing with issues relating to the conduct of Council members, board members and committee members, including declarations of interest;
  4. To oversee the effective implementation of internal management policies, including those relating to human resources, corporate social responsibility, bribery prevention, whistleblowing, health and safety, procurement, contract management, cyber security and data protection and other policies required by law;
  5. To keep its own performance as a Board under review.
- 20 The chair or any member of the Board may be removed from office by resolution of the Council, following a motion submitted in writing to the President no fewer than 12 clear working days before the next Council meeting following such submission by at least 15 Council members or 15% of the Council whichever is the greater. Any such submission shall be notified to the Board chair within 48 hours of receipt and tabled for discussion at the next Council meeting. The Board chair shall be entitled to address the Council in relation to any such submission. If such a submission is approved by resolution of the Council, a four-week period of notice shall come into immediate effect, following which the Board chair or the member concerned shall cease to hold office.

#### **Term of office of the chair and members of the Board**

- 21(1) The term of office of the chair of the Board shall be three years from the date on which his/her appointment becomes effective, and he/she shall be eligible for re-appointment for one further term of up to three years.
- (2) The term of office of the other members of the Board shall be three years, running from the date of election or appointment until the third 31 August thereafter, and the other members shall be eligible for re-election or re-appointment for one further period of three years only.

### **REGULATION MATTERS**

#### **Membership of the SRA Board**

22(1) The SRA Board shall consist of -

- (a) no fewer than six, and no more than eight, lay persons who are not Council members;
- (b) no fewer than five, and no more than seven, non-Council members, who shall be solicitors; and
- (c) a chair who shall be one of the members in (a) above

but the number of lay members of the SRA Board shall at all times (other than when there is a casual vacancy) be one more than the number of solicitor members.

## **Term of office, appointment and reappointment, and conduct of chair and members of the SRA Board**

- 23 Matters relating to the terms of office, appointment and reappointment, and conduct of members of the SRA Board shall be governed by a protocol or protocols to be agreed by the SRA Board following consultation with the Council.

## **Terms of reference of the SRA Board**

- 24 The terms of reference of the SRA Board are –
- (1) To exercise the regulatory functions of the Society or the Council under the following primary or secondary legislation:
    - (a) the Act;
    - (b) the Administration of Justice Act 1985;
    - (c) the Courts and Legal Services Act 1990;
    - (d) the Access to Justice Act 1999;
    - (e) the 2007 Act;
    - (f) the European Communities (Services of Lawyers) Order 1978; and
    - (g) the European Communities (Lawyer's Practice) Regulations 2000.
  - (2) To deal with all matters relating to monitoring, securing or enforcing compliance by regulated persons with requirements imposed by primary or secondary legislation (including for the avoidance of doubt rules and regulations made by the Council or the SRA Board) or guidance issued by the Council or the SRA Board.
  - (3) To deal with all proceedings before the Solicitors Disciplinary Tribunal, and all litigation arising from such proceedings.
  - (4) To deal with all matters relating to the Compensation Fund, including the financial management of that Fund, and setting the respective amounts which should be payable as levies by such categories of solicitor or firm as the SRA Board shall define for that purpose.
  - (5) To exercise the powers of the Society and of the Council under all primary and secondary legislation on all matters within its terms of reference.
  - (6) Subject to the responsibilities of the Board and the Council in relation to practising fees set out in regulation 19(2)(B)(3) –
    - (a) to set and amend from time to time the level of fees and charges payable in relation to the discharge of its functions;
    - (b) to determine, in relation to the proportion of practising fees to be applied for permitted purposes relating to regulatory functions delegated to the SRA under these Regulations and the payment of statutory levies including under section

173 of the 2007 Act, the respective amounts that should be payable by particular categories of solicitor and firm; and

- (c) following approval of the Council, to make applications on behalf of the Council to the Legal Services Board under section 51(5) of the 2007 Act for approval of practising fees.
- (7) To set, implement and review policy and guidance, and to respond to consultations, on matters within its terms of reference.
- (8) To deal with any actual or forthcoming litigation directly arising from –
  - (a) regulatory or disciplinary decisions;
  - (b) any legal challenge to the validity of any exercise of its functions; and
  - (c) any other matter related to the discharge of its functions.
- (9) To make representations to, be consulted by and enter into communications with, amongst others, the Legal Services Board, the Legal Services Consumer Panel, the Legal Ombudsman and other approved regulators.
- (10) To investigate and prosecute offences under any enactments, subordinate legislation, rules, regulations or other provisions mentioned in this Regulation and to pursue any ancillary activity such as enforcement or recovery of penalties and costs.
- (11) To notify the President promptly of the text of any rule, regulation, code or amendment to the same, agreed by the SRA Board, and to send to the President a copy of any application for approval of the text to an external authority at the same time it is submitted to the relevant authority.

### **General functions of the SRA Board**

25 The SRA Board shall -

- (a) set the strategic objectives for the exercise of the functions delegated under regulation 24 and monitor performance against those objectives and prepare and monitor the SRA Board's business and operational plans;
- (b) set the SRA Board's financial plans and budgets, monitor and manage expenditure and ensure that it secures value for money;
- (c) ensure an effective financial control environment, including systems for financial management, risk management and internal audit, and ensure that the internal audit programme supports, as necessary, the work of the external auditors;
- (d) provide a report to the Audit Committee annually on the operation of the systems of financial control, risk management and internal audit, including on how they operate in respect of shared services and common systems;
- (e) report to the Audit Committee any matters arising in the systems for financial control, or elsewhere, which are relevant to the Audit Committee's responsibility

to provide assurance to the Council on the Society's accounts and financial statements;

- (f) deal with all matters relating to the finances, facilities, property, trusts and personnel relating to the SRA Board and the exercise of its functions, and the effective management of resources including -
  - (i) financial controls;
  - (ii) human resources;
  - (iii) capital expenditure;
  - (iv) investment management; and
  - (v) personnel policies and procedures.
- (g) decide -
  - (i) the performance management frameworks for the SRA Chief Executive and the senior managers reporting directly to him or her;
  - (ii) the pay policy, terms and conditions and incentive arrangements for the SRA Chief Executive;
  - (iii) any bonuses and incentive payments to be paid to the SRA Chief Executive, pursuant to the pay policy and contractual arrangements set under (ii);
  - (iv) non-contractual severance payments to the SRA Chief Executive and the senior managers reporting directly to him or her; and
  - (v) the pay policy and terms and conditions of employment of senior managers reporting directly to the SRA Chief Executive and the policy and processes by which the SRA Chief Executive determines any bonuses or incentive arrangements to be paid to those senior managers;
- (h) comply with its obligations under section 149 of the Equality Act 2010 and section 28 of the 2007 Act in every aspect of its work;
- (i) monitor compliance with any external regulatory provisions or obligations which are applicable; and
- (j) cooperate with the Business and Oversight Board, the Audit Committee and the Council in their oversight of the SRA Board, and provide such information to them as is required to enable them to exercise their functions under these Regulations.

### **Directions to the SRA Board**

- 26 The SRA Board shall comply with a direction by the Council, within the time specified for compliance in the direction where such a time is specified, as to the exercise of any functions delegated to it under these Regulations if, and to the extent that, the exercise

of the functions concerned in the manner specified in the direction is in the opinion of the Council reasonably necessary in order to -

- (1) comply with, or avoid breaching, any specific or general rules or other requirements imposed on the Society by –
  - (a) the Legal Services Board under the Act or the 2007 Act;
  - (b) the Office of Fair Trading under the Competition Act 1998; or
  - (c) any other body having statutory power to issue directions or impose requirements on the Society in the exercise of any of its functions;
- (2) prevent the imposition of, or reduce the amount of, any fine or any other financial or non-financial penalty by any of the bodies referred to in (1); or
- (3) comply with the directions of any court or tribunal.

## **OVERSIGHT OF THE SRA BOARD**

### **Membership of the Business and Oversight Board**

- 27 (1) Subject to (2) and (3), the Business and Oversight Board shall consist of the following, all of whom shall be voting members -
- (a) the President;
  - (b) the Chair of the Board;
  - (c) a Council member elected by ballot of the Council;
  - (d) the Chief Executive;
  - (e) the chair of the SRA Board;
  - (f) two members of the SRA Board nominated by the chair of the Board;
  - (g) the SRA Chief Executive; and
  - (h) three external members, who shall be neither Council members nor members of the SRA Board, appointed by an appointments panel consisting of -
    - (i) the President (or his or her respective nominee);
    - (ii) the chair of the SRA Board (or his or her respective nominee); and
    - (iii) if both the President and the Chair of the SRA Board so agree on that occasion, an external member nominated by both the President and the chair of the SRA Board.
- (2) Alternates, who shall for the purposes of the meeting in question be treated as full members of the Business and Oversight Board, may be nominated to attend a particular meeting of the Business and Oversight Board by -

- (a) the President, if he or she, or any of the other members referred to in (1)(b), (1)(c) and (1)(d), is unable to attend the meeting; and
  - (b) the chair of the SRA Board, if he or she, or any of the members referred to in (1)(f) and (1)(g), is unable to attend the meeting.
- (3) The chair of the Business and Oversight Board shall be elected by its members from among their own number.

#### **Term of office of members of the Business and Oversight Board**

- 28(1) Each of the external members of the Business and Oversight Board shall serve for three years, running from the date of appointment until the fourth 31 August thereafter, and shall be eligible for re-appointment for one further period of three years only.
- (2) The Council and the chair of the SRA Board shall respectively set the terms of office of the members of the Business and Oversight Board referred to in Regulations 27(1)(c) and 27(1)(f).

#### **Terms of reference of the Business and Oversight Board**

- 29 The terms of reference of the Business and Oversight Board are -
- (1) Having received recommendations from the Remuneration Committee in respect of the relevant matter, and only in the light of those recommendations, to decide -
- (a) The remuneration and terms and conditions of the chair of the SRA Board; and
  - (b) The remuneration and terms and conditions of the members of the SRA Board;
- provided that the Business and Oversight Board must, if it does not follow the recommendations of the Remuneration Committee as presented -
- (c) Record fully in the minutes the reasons for not following those recommendations; and
  - (d) Report to the Council at the earliest opportunity that it has not followed the recommendations of the Committee, giving those reasons.
- (2) To exercise the Council's oversight of the SRA Board, in accordance with such protocols as may be agreed from time to time between the SRA Board and the Business and Oversight Board.
- (3) To report to the Council annually and in any situation where the Business and Oversight Board considers -
- (a) that there has been a manifest and fundamental failure by the SRA Board to properly exercise its delegated regulatory functions; or
  - (b) that the SRA Board has failed to, or is unable to, govern itself or its finances in a sound and robust manner



and the SRA Board has, after having been given 28 days' notice (with reasons) of the Business and Oversight Board's decision to do so, failed to respond in a manner which resolves the situation to the Business and Oversight Board's satisfaction.

## **GENERAL GOVERNANCE AND REVIEW**

### **Appointment of Special Committees**

30(1) There shall be the following Special Committees of the Council -

- (a) the Audit Committee;
- (b) the Council Members' Conduct Committee;
- (c) the Council Membership Committee;
- (d) the Equality, Diversity and Inclusion Committee
- (e) the Remuneration Committee; and
- (f) the Scrutiny and Performance Review Committee.

(2) The work of the Special Committees of the Council shall be advisory only and they shall exercise no delegated powers in the name of the Council unless the Council specifically so resolves.

### **Membership of the Audit Committee and term of office of chair and members**

31(1) The membership of the Audit Committee shall be -

- (a) a chair, who shall not be a Council member or a member of the SRA Board and shall be a qualified accountant with appropriate financial experience, appointed by the Council on the recommendation of the Board;
- (b) the chair of the Board or such other member of the Board as may be agreed by the Board from time to time;
- (c) the chair of the SRA Board Finance and Audit Committee; and
- (d) two members who shall not be Council members or members of the SRA Board, with appropriate financial experience, appointed by the Council on the recommendation of the Board and the chair of the Audit Committee.

(2) The chair of the Audit Committee shall serve a three-year term of office, renewable for one further term of three years only.

(3) At the discretion of the chair, non-members of the committee may be invited to attend any meeting of the committee.

### **Terms of reference of the Audit Committee**

32(1) Responsibility for ensuring the operation of effective systems of financial control, risk management and internal audit is delegated, by the Council, to the SRA Board and the Board. The SRA Board and the Board:

- (a) shall each provide a report to the Audit Committee annually on the operation of these systems, including on how they operate in respect of shared services and common systems, to provide assurance to the Audit Committee; and
  - (b) each have the responsibility to report to the Audit Committee any matters arising in the systems for financial control, or elsewhere, which are relevant to the Audit Committee's responsibility to provide assurance to the Council on the Society's accounts and financial statements.
- (2) The terms of reference of the Audit Committee are –
- (a) to consider the reports from the SRA Board and the Board referred to above;
  - (b) to review and advise the Council on the accounts and financial statements and related information, and accounting policies of the Society, and to provide assurance that the accounts and financial statements of the Society are true and fair and in conformity with the applicable accounting standards;
  - (c) to advise the Board on the appointment of the Society's external auditors and generally to oversee their work, independence and the value for money of the services they provide; and
  - (d) to oversee any action taken in the light of the external auditors' management letter and to report to the Council any concerns arising from or relating to the financial control environment within the Society.
- (3) The Audit Committee may obtain advice from any external source on any aspect of its terms of reference, taking proper account of budget availability, and may invite outside advisers to attend its meetings.
- (4) The Audit Committee may report directly to the Council on any aspect of its terms of reference.
- (5) The Audit Committee may seek information and copies of any papers relevant to any aspect of its terms of reference as it may stipulate from any Council, board or committee member (including members of the SRA Board), or from any member of the Society's staff (including members of the staff of the SRA) or any other person. The committee shall report any failure to comply with such requests to the Council for action.
- (6) The Audit Committee shall be empowered to direct any member of the Society's staff (including members of the staff of the SRA) to attend any of its meetings for the purpose of giving information on any aspect of its terms of reference, reporting any failure to comply with such a direction to the Chief Executive or the SRA Chief Executive.

**Membership of the Council Members' Conduct Committee and term of office of chair and members**

- 33(1) Subject to (2), the membership of the Council Members' Conduct Committee shall be -
- (a) a chair who shall be a Council member, elected by ballot by the Council; and

- (b) six other Council members, elected by ballot by the Council.
- (2) Panels of the Council Members' Conduct Committee investigating complaints against individual members shall each have as an additional member for the purposes of that investigation a non-Council member of the Council Membership Committee nominated by the chair of the Council Membership Committee.
- (3) The chair of the Council Members' Conduct Committee shall serve a three-year period of office, renewable exceptionally for one further year at a time up to a maximum of three years.
- (4) The other members of the Council Members' Conduct Committee shall serve a three-year period of office, renewable for one further period of three years only.

**Terms of reference of the Council Members' Conduct Committee**

34 The terms of reference of the Council Members' Conduct Committee are -

- (1) To keep under review, promote and give guidance on the Code of Conduct for Council Members ("the Code") and related documents, and to report to the Council from time to time with proposals for amendment to them.
- (2) Subject to (3) and (4), to investigate and report to the Council on all complaints made by any Council member or the Chief Executive regarding the conduct as such of Council members, and non-Council members of boards (with the exception of the chair and members of the SRA Board and the sub-units of that Board), committees, sub-committees and working parties.
- (3) The Council Members' Conduct Committee shall when dealing with complaints within the scope of (2) sit in panels of three or five of its members, as decided by the chair of the Committee, and the chair or vice chair of the Committee shall normally be a member of each such panel. Each panel shall include a non-Council member of the Council Membership Committee nominated in accordance with Regulation 40(2).
- (4) The Council Members' Conduct Committee may incorporate in its procedures provision -
  - (a) for summary determination by the chair (or in his or her absence or unavailability the vice chair) of complaints designated by the chair (or vice chair), with the consent of the member complained against, as suitable for summary determination;
  - (b) that any determination accordingly that a complaint be dealt with summarily shall be conclusive; and
  - (c) that where a complaint has been determined summarily, no report shall be made to the Council.

**Membership of the Council Membership Committee and term of office of chair and members**

35(1) The membership of the Council Membership Committee shall be -

- (a) a chair, who shall be a Council Member, elected by ballot of the Council;

- (b) two other Council members, elected by ballot of the Council; and
  - (c) non-Council members appointed by the Policy and Regulatory Affairs Committee.
- (2) The chair of the Council Membership Committee shall hold office for a single term of three years running from 1 September in his or her year of appointment, save that exceptionally the chair of the Council Membership Committee may have his or her term extended for a further period of one year at a time up to a maximum of three years.
  - (3) Council members of the Council Membership Committee shall hold office for three years from the date of their appointment, and may be re-appointed for any number of further terms.
  - (4) Non-Council members of the Council Membership Committee shall hold office for three years from the date of their appointment. Where a non-Council member of the Council Membership Committee takes office on a date other than 1 September, the appointment shall run until the third 31 August following his or her appointment.
  - (5) Non-Council members of the Council Membership Committee may be appointed for up to two further terms of three years, provided that exceptionally the Policy and Regulatory Affairs Committee may extend the term of office of a non-Council member of the Council Membership Committee beyond a total of nine years, any such extension being for only one year at a time.

**Terms of reference of the Council Membership Committee**

36 The terms of reference of the Council Membership Committee are -

- (1) To keep under review the representative nature of the Council, taking into account the views of recognised groups and associations.
- (2) Before the end of the term of office of each Council member who is not a geographical constituency member, and also on a casual vacancy arising for such a member, to consider the composition of the Council and to recommend to the Council the type of solicitor or registered European lawyer who should be elected to fill the vacancy, and the appropriate means of doing so.
- (3) To keep under review the constituency boundary descriptions in Appendix 1 to the Bye-Laws and the numbers of Council members allocated to each constituency, consulting local law societies and members of the Society as necessary.
- (4) To keep under review the multi-member geographical constituencies.
- (5) To report to the Council, at least once every four years, with any recommendations the Committee considers necessary for the revision of the constituency boundary descriptions set out in Appendix 1 to the Bye-Laws.
- (6) To keep under review the size of the Council, and to advise the Council if the Charter should be amended to alter the permitted size of the Council.

### **Membership of the Equality, Diversity and Inclusion Committee and term of office of chair and members**

- 37(1) The membership of the Equality, Diversity and Inclusion Committee shall be –
- (a) a chair who shall be a Council member, elected by ballot by the Council;
  - (b) four other Council members appointed by the Council;
  - (c) five other members, who shall not be Council members, appointed by the Council; and
  - (d) five members appointed by the Committee, with one such member drawn from each of the Ethnic Minority Lawyers' Division, the Junior Lawyers' Division, the Lawyers with Disabilities Division, the Lesbian, Gay, Bisexual and Transgender Lawyers' Division and the Women Lawyers' Division.
- (2) The chair and members of the Equality, Diversity and Inclusion Committee shall each serve a three-year period of office, renewable for one further period of three years only.

### **Terms of reference of the Equality, Diversity and Inclusion Committee**

- 38 The terms of reference of the Equality, Diversity and Inclusion Committee are –
- (1) To advise the Council, its committees and the Board on matters of equality, diversity and inclusion issues, including –
- (a) assisting the Council in discharging its oversight responsibility for equality, diversity and inclusion issues;
  - (b) setting the direction and framework for equality, diversity and inclusion issues and ensuring a co-ordinated approach to diversity work;
  - (c) monitoring progress towards the Society's commitment to playing a leading role in the elimination of discrimination in all its activities;
  - (d) reviewing progress against the Society's equality, diversity and inclusion framework and action plan and the Single Equality Scheme;
  - (e) advising on emerging equality, diversity and inclusion issues for the profession and clients and engaging in dialogue with the profession on such issues; and
  - (f) advising on equality, diversity and inclusion training for Council, Board and committee members.
- (2) When the Committee makes a recommendation, the Council, the Board or the committee to whom it is directed must consider the recommendation at the first practicable opportunity and if it does not accept the recommendation, or accepts it only in part, must give reasons for doing so.

## **Membership of the Remuneration Committee and term of office of chair and members**

- 39 The membership of the Remuneration Committee comprises the three external members of the Business and Oversight Board appointed under Regulation 34(1)(h) *ex officio*, one of whom shall be elected by the Business and Oversight Board as chair of the Committee.

## **Terms of reference of the Remuneration Committee**

- 40 The terms of reference of the Remuneration Committee are –
- (1) Subject to the following provisions of this Regulation, to advise the Council on general pay policy and terms and conditions of employment for all employees of the Society.
  - (2) To make recommendations to the Board on the performance management frameworks for the Chief Executive and the senior managers reporting directly to him or her.
  - (3) To make recommendations to the Board on the pay policy, terms and conditions and any incentive arrangements for the Chief Executive.
  - (4) To make recommendations to the Board on whether proposals by the chair of the Board, as to any proposed bonuses and incentive payments to be paid to the Chief Executive -
    - (a) are reasonable in the light of the pay policies and contractual arrangements applicable to them; and
    - (b) have been arrived at following a reasonable process.
  - (5) To make recommendations to the Board on any non-contractual severance payments to be made to the Chief Executive and the senior managers reporting directly to them.
  - (6) To make recommendations to the Business and Oversight Board -
    - (a) on the remuneration and terms and conditions of the chair of the SRA Board; and
    - (b) after consultation with the chair of the SRA Board, on the remuneration and terms and conditions of the members of the SRA Board to apply for the duration of their standard terms of office.
  - (7) To advise on the amount of any compensation payable to Council members and the chair and members of the Board.
  - (8) To report annually to the Council, highlighting particularly any instances where its recommendations under any of the foregoing paragraphs have not been accepted by the board to which they were made.

### **Membership of the Scrutiny and Performance Review Committee and term of office of chair and members**

- 41(1) Subject to (2), the membership of the Scrutiny and Performance Review Committee shall be -
- (a) a chair, who shall be a Council member elected by the Council by ballot; and
  - (b) eight other Council members (at least two of whom shall be geographical constituency members) elected by the Council by ballot.
- (2) The President, Vice President, Deputy Vice President and the chairs and members of the Board, the Policy and Regulatory Affairs Committee and the Membership and Operations Committee shall not be eligible to serve on the Scrutiny and Performance Review Committee.
- (3) The Chair of the Scrutiny and Performance Review Committee shall serve a three-year term of office, renewable exceptionally for one further year at a time up to a maximum of three years.
- (4) The other members of the Scrutiny and Performance Review Committee shall serve a three-year period of office, renewable for one further period of three years only.

### **Terms of reference of the Scrutiny and Performance Review Committee**

- 42(1) The terms of reference of the Scrutiny and Performance Review Committee are -
- (a) to review or scrutinise decisions or action taken under delegated powers by the President, Vice President and Deputy Vice President, the Board, the Policy and Regulatory Affairs Committee, or the Membership and Operations Committee;
  - (b) to make reports or recommendations to the Council on the exercise of delegated powers as mentioned in (a), and to make reports or recommendations to the relevant board in respect of policy matters, except in relation to matters within the terms of reference of the SRA Board and the Business and Oversight Board; and
  - (c) to review or scrutinise decisions or actions taken under delegated powers other than in (a) provided that no decision by or on behalf of the SRA Board and the Business and Oversight Board shall be reviewed or scrutinised under this subparagraph.
- (2) Subject to the following provisions of this Regulation, the Scrutiny and Performance Review Committee may recommend to the Board, the Policy and Regulatory Affairs Committee or the Membership and Operations Committee, or to the Council that a decision should be reconsidered by the person or body that made the decision or took the action, or that the Council should itself review the decision or action.
- (3) A recommendation under (2) may only be made within 14 days after either -
- (a) the first meeting of the Scrutiny and Performance Review Committee which takes place following the publication of the decision or action on Directors Desk (or any successor to that system); or

- (b) if the decision or action is not considered at the meeting referred to in (a), the later meeting which the decision or action is considered.
- (4) Where the Scrutiny and Performance Review Committee has recommended to the Council that a decision or action should be reconsidered or that the Council should itself review the decision or action, the Council shall consider that recommendation at the next meeting.
- (5) No recommendation under (2) may be made where the decision or action concerned was made by the SRA Board or the Business and Oversight Board, or the decision or action relates to -
  - (a) a casework determination; or
  - (b) the work of the Audit Committee.
- (6) The Scrutiny and Performance Review Committee may call in the chairs of the Board, the Policy and Regulatory Affairs Committee and the Membership and Operations Committee, and the senior members of staff responsible to each of those bodies to discuss the operation of delegated powers or any specific matter where the Committee is considering making a recommendation under (2).
- (7) The Scrutiny and Performance Review Committee may call for any documentation related to the operation of specific delegated powers (except those taken by or on behalf of the SRA Board and the Business and Oversight Board) or any matter where the Committee is considering making a recommendation under (1).
- (8) The Scrutiny and Performance Review Committee shall report to the Council any failure to comply with a request made under (7).
- (9) The terms of reference of the Scrutiny and Performance Review Committee in relation to performance review are to review the performance of the Board, the Policy and Regulatory Affairs Committee and the Membership and Operations Committee, and to draw any matters of concern to the attention of the relevant chairs, the President, Vice President or Deputy Vice President (as appropriate), or where deemed necessary to the attention of Council members, in a timely manner.
- (10) Any reference in this Regulation to a decision or action includes an intended decision or action.

#### **COMMITTEES OF THE BOARD**

43(1) There shall be two Committees of the Board:

- (a) a Policy and Regulatory Affairs Committee; and
- (b) a Membership and Operations Committee.

(2) No person shall serve at the same time on both the Policy and Regulatory Affairs Committee and the Membership and Operations Committee.

#### **Membership of the Policy and Regulatory Affairs Committee**

44 The Policy and Regulatory Affairs Committee shall consist of -



- (a) a chair who is a Council member chosen by a method to be determined by the Council;
- (b) six other Council members (who are not Board members or office-holders), elected by ballot of the Council;
- (c) two of the chairs of the Society's specialist policy committees (who are not Board members or office-holders), elected by specialist policy committee chairs from among their number;
- (d) up to two members, who shall not be Council members, appointed by the Board; and
- (e) the Society's Executive Director of External Affairs (non-voting).

**Term of office of Policy and Regulatory Affairs Committee members**

45 Those members of the Policy and Regulatory Affairs Committee appointed under Regulation 44 (a), (b) and (d) shall serve terms of three years, renewable for one further term. Those members appointed under Regulation 44 (c) shall serve a period of one year (renewable for one further term if the member remains the Chair of his or her respective Committee).

**Terms of reference of the Policy and Regulatory Affairs Committee**

46 The terms of reference of the Policy and Regulatory Affairs Committee shall be determined by the Council following a recommendation by the Board under Regulation 19(C2). Until such final terms of reference have been approved, the Policy and Regulatory Affairs Committee shall operate in line with the following interim terms of reference:

1. To work to support the Board in discharging its roles and responsibilities in relation to policy and regulatory matters;
2. To be responsible for those areas of work within the Board's terms of reference which the Board may delegate to the Committee;
3. To produce a yearly plan for the Board based on the work delegated to it by the Board, and to justify work against that plan in its reporting to the Board; and
4. To put to the Board for approval any work proposed which falls outside of the budget and resources allocated, or outside of the plan presented to the Board.

**Membership of the Membership and Operations Committee**

47 The Membership and Operations Committee shall consist of –

- (a) a chair who is a Council member chosen by a method to be determined by the Council;
- (b) six other Council members (who are not Board members or office-holders), elected by ballot of the Council;

- (c) up to two members, who shall not be Council members, appointed by the New Board; and
- (d) the Society's Executive Director of Membership Services (non-voting).

#### **Term of office of Membership and Operations Committee members**

- 48 Members of the Membership and Operations Committee appointed under Regulation 47 (a), (b) and (c) shall serve terms of three years, renewable for one further term.

#### **Terms of reference of the Membership and Operations Committee**

- 49 The terms of reference of the Membership and Operations Committee shall be determined by the Council following a recommendation by the Board under the provisions of Regulation 19(C2). Until such final terms of reference have been approved, the Membership and Operations Committee shall operate in line with the following interim terms of reference:
1. To work to support the Board in discharging its roles and responsibilities in relation to membership and operational matters;
  2. To be responsible for those areas of work within the Board's terms of reference which the Board may delegate to the Committee;
  3. To produce a yearly plan for the Board based on the work delegated to it by the Board, and to justify work against that plan in its reporting to the Board; and
  4. To put to the Board for approval any work proposed which falls outside of the budget and resources allocated, or outside of plan presented to the Board.

#### **Coming into force**

- 50 When the Committees of the Board are first constituted, their composition shall be in line with such transitional arrangements as may be agreed by the Council.

### **GENERAL PROCEDURAL MATTERS**

#### **Council Operating Manual**

- 51(1) There shall be a Council Operating Manual ("the Manual") which, so far as not inconsistent with any statute, the Charter, Bye-Laws and these Regulations, shall govern the general procedures applicable to the work and meetings of the Council, the Board, committees and other subordinate bodies.
- (2) The Manual may be amended from time to time as necessary.

#### **Quorum of board and committee meetings**

- 52(1) The quorum for meetings of the Board shall be four voting members.
- (2) The quorum for meetings of the SRA Board shall be seven (including four lay members).

- (3) The quorum for meetings of the Business and Oversight Board shall be five, including -
  - (a) any two of the members referred to in any of Regulations 27(1)(a), 27(1)(b), 27(1)(c) and 27(1)(d); and
  - (b) any two of the members referred to in any of Regulations 27(1)(e), 27(1)(f) and 27(1)(g); and
  - (c) any one of the members referred to in Regulation 27(1)(h).
- (4) The quorum for meetings of the Audit Committee shall be three, and must include each of the members referred to in Regulations 31(1)(b) and 31(1)(c).
- (5) The quorum for meetings of the Council Members' Conduct Committee shall be three, and the quorum for meetings of the Equality, Diversity and Inclusion Committee and the Scrutiny and Performance Review Committee shall be three (including at least one Council member). The quorum for meetings of the Remuneration Committee shall be two.
- (6) The quorum for meetings of the Council Membership Committee shall be three.
- (7) The quorum for any meetings of committees, sub-committees or other bodies established by a board to exercise delegated functions shall be fixed by the board concerned.
- (8) If a quorum ceases to exist at any meeting of a board, committee or a sub-committee, the meeting shall be abandoned, but this shall not affect the validity of any business transacted when a quorum was present.
- (9) In determining whether a quorum is present at any meeting referred to in this Regulation, any member who would otherwise be entitled to attend that meeting shall be excluded from the quorum for the consideration of any item of business if he or she is disqualified from participating in the consideration of that item in accordance with the Code of Practice on Conflicts of Interest.

## **Notices**

- 53 Any notice to be given or other step to be taken under these Regulations may be given in writing or electronically.

## **Revocation, suspension and amendment**

- 54 The Council may by resolution passed by not less than two-thirds of the members present and voting revoke, suspend or amend these Regulations, with effect either at once or on some future date.

## **Commencement and citation**

- 55(1) These Regulations shall come into effect on 21 March 2018, when the previous Regulations, and all amendments to them, shall be revoked, without affecting the validity of anything done under their authority.
- (2) These Regulations may be referred to as the Law Society's General Regulations 2018.



## **Business and Oversight Board**

### **Protocol for oversight of the discharge of functions by the SRA Board**

1. Under the Law Society's General Regulations, the SRA Board has delegated responsibility for the Society's regulatory functions. It also has responsibility for the governance of the SRA including, but not limited to, financial management and control, management and control of internal processes and procedures, the management of risk and internal audit and the control and management of information.
2. The SRA Board discharges these responsibilities as part of the single legal entity that is the Law Society. While the General Regulations delegate responsibilities in respect of the Society's regulatory functions to the SRA Board, ultimate accountability remains with the Council as approved regulator.
3. Under the Law Society's General Regulations, the Business and Oversight Board exercises the Council's oversight (as approved regulator) of the SRA Board in accordance with such protocols as may be agreed from time to time by the Business and Oversight Board. This protocol, approved by the Business and Oversight Board, sets out how that Board provides appropriate oversight of the SRA Board in order to provide assurance to the Council that the SRA Board is discharging its responsibilities in accordance with the General Regulations and statutory requirements.

### **Scope of oversight and assurance**

4. The Business and Oversight Board will consider and oversee:
  - (1) The governance arrangements for the SRA Board, and the governance arrangements established by that Board (for example in relation to committees of the SRA Board) so as to be able to provide assurance to Council that they are operating effectively and in accordance with best practice.
  - (2) Arrangements for financial management and control within the SRA, so as to assure the Council that these are operating effectively, in accordance with general Law Society controls, and with propriety.
  - (3) The systems and processes for risk management and internal audit, so as to assure the Council that there are appropriate systems in place in accordance with best practice.

5. The Business and Oversight Board will consider and recommend the SRA budget to the Council.

### **Mechanisms for the discharge of oversight and assurance**

6. The Business and Oversight Board will consider:
  - (1) The SRA Board's draft Net Funding Requirement ("NFR") and budget (for recommendation to the Council)
  - (2) The SRA Board's final budget (for recommendation to the Council)
  - (3) An annual report from the SRA Board within three months of the end of each financial year which provides information on:
    - i. the SRA Board's oversight and governance of the SRA including how the SRA Board has discharged its responsibilities both directly and through its committees; and
    - ii. financial performance.
  - (4) Management letters from the Society's external auditors on the audit of the SRA element of the Society's accounts including those for the Compensation Fund.
  - (5) Reports from the SRA Board on its response to any assessment of the SRA's regulatory performance by the Legal Services Board.

### **Meetings**

7. In order to discharge its oversight and assurance functions, the Business and Oversight Board will meet three times a year as follows.

*February*

8. The Business and Oversight Board will consider:
  - (1) The SRA Board's annual report for the preceding financial year.
  - (2) Management letters from the Society's external auditors.

*June*

9. The Business and Oversight Board will consider, for recommendation to the Council, the SRA Board's draft NFR and budget for the next financial year.

*September*

10. The Business and Oversight Board will consider, for recommendation to the Council, the SRA Board's final budget for the next financial year.

## **Reporting to Council**

11. The Business and Oversight Board will report annually to the Council on the outcome of its oversight of the SRA Board. This will be in March each year in respect of the previous financial year.



## **Protocol for the appointment and reappointment of Board members of the Solicitors Regulation Authority ("SRA")**

### **Purpose**

1. This protocol sets out the process for appointing and reappointing the members of the SRA Board (in this protocol, "the Board"), including the Chair of the Board.
2. The SRA is the independent regulator of solicitors and solicitor firms in England and Wales, protecting consumers and supporting the rule of law and the administration of justice, exercising the statutory regulatory functions of the Law Society of England and Wales ("the Law Society") under legislation including the Legal Services Act 2007. We do so under powers delegated to us as an independent board of the Council of the Law Society, as set out in the Law Society's General Regulations<sup>2</sup>.

### **Background**

3. The General Regulations prescribe that the Board must have between 11 and 15 members and that the number of lay members must always exceed the number of solicitor members by one, save where a casual vacancy arises. The General Regulations also prescribe that there must be a lay Chair (in addition to the number of members listed). This was a requirement introduced by the Legal Services Board (LSB) in their Internal Governance Rules (IGRs) from April 2014<sup>3</sup>.
4. From that date, in accordance with the IGRs, we have been responsible for designing the competency requirements, and the appointments and reappointments process, for Board members. In doing so we have worked and will continue to work closely with the Law Society and strongly involve it at all key stages (as we are required to do under the IGRs Part 2: 1: B). We have consulted the Law Society on this protocol.
5. This protocol will be published on the SRA website. It is a living document which will be reviewed to ensure that it reflects best practice.

### **Approach and principles**

6. This protocol reflects the approach set out in the LSB's IGRs. These were made under section 30 of the Legal Services Act 2007 to safeguard the independence of the regulatory functions from the representative functions of approved regulators. Where appropriate in this protocol, we have highlighted where a particular requirement derives from the IGRs.

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<sup>2</sup> The Board's Terms of Reference are set out in Regulation 31 of the Law Society's General Regulations and further details of the role and responsibilities of the Board and its members and committees are set out in the SRA Governance Handbook: <https://sra.org.uk/documents/SRA/sra-governance-handbook.pdf>.

<sup>3</sup> Part 1C of the Schedule to the IGRs prescribes that regulatory boards must have a lay majority and a lay Chair.

7. The Protocol also reflects the process that was used in 2014, 2015 and 2016, at which time new Board members were appointed by a panel chaired by the Chair of the Board and which included a member of the Board, a representative of the Law Society and an independent panel member. Authority to make these appointments was formally delegated by the Law Society Council. Similarly, the protocol reflects the process used to appoint the Chair of the Board in 2014.
8. The appointments process will follow best practice for public appointments as set out by the Commission for Public Appointments<sup>4</sup> insofar as relevant, including its Code of Practice designed to ensure that appointment processes meet the principles of merit, fairness and openness and provide a choice of high quality candidates, drawn from a strong and diverse field.
9. All appointments to the Board including the appointment of the Chair will be made on the basis of selection on merit following open and fair competition, with no element of election or nomination by any particular sector or interest groups<sup>5</sup>.
10. The Chair and Board members must uphold the standards of conduct set out in the Committee on Standards in Public Life's Seven Principles of Public Life (the Nolan Principles<sup>6</sup> - appended to this Protocol). The selection process should ensure that all candidates for appointment can meet these standards and have no conflicts of interest that would call into question their ability to perform the role.
11. The SRA Code of Conduct requires that members, including the Chair, maintain high standards of personal and professional conduct, behave with honesty and integrity, and make sure that their behaviour does not damage public confidence in them or in the SRA. Candidates will be required to make declarations relating to their character and suitability for the role (including details of any criminal or disciplinary history) with reference to the Good Character Guidance available from the Judicial Appointments Commission. We will also carry out our own checks if we deem it necessary as part of the recruitment process.
12. The process will be conducted in compliance with the Equality Act 2010 which prohibits discrimination, harassment and other unlawful conduct because of age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation. Further, as a public authority, in accordance with section 149 of the Equality Act we will have regard to the need to eliminate discrimination, advance equality of opportunity and foster good relations between different people when carrying out our activities.
13. We are committed to the principle that the Board should broadly reflect the regulated community and consumers using legal services. To this end, we will be mindful of the need to encourage a diverse range of applicants for Board vacancies and where appropriate we will take positive action to encourage applicants from a wide cross section of groups to apply. We will monitor the diversity of applicants at all stages of the recruitment process and will take such action as we think fit to promote diversity if any gaps are identified. A diversity breakdown of the Board will be published on our website. All Board members are required to undertake mandatory equality and diversity training.

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<sup>4</sup> Guidance to Part 2A of the IGRs

<sup>5</sup> Part 2A of the IGRs

<sup>6</sup> Selflessness; Integrity; Objectivity; Accountability; Openness; Honesty; Leadership



14. All Board members, whether they are solicitor or lay members, are full members of the Board and have corporate responsibility and accountability for the Board's decisions and policies.

### **Competencies and criteria**

15. Clear criteria for the required roles and details of the selection process will be published.
16. In setting criteria we will be mindful of the skills/experiences of current Board members and those that will be required in future to enable the SRA to fulfil its regulatory functions effectively and efficiently. Criteria will reflect the need for Board members to serve in the public interest, to make sure that the SRA is accountable to its stakeholders and to hold the executive to account for the management and performance of the organisation. We will also have regard to the desirability of ensuring that Board members (between them) have experience or knowledge of the areas listed in Schedule 1 paragraph 3 of the Legal Services Act 2007<sup>7</sup> and of issues relevant to the Board's role arising in both the English and Welsh legal jurisdictions.

### **The selection process for Board members other than the Chair**

17. The Board Chair will identify the positions to be advertised in light of any vacancies, and will identify any reappointments due for consideration. The selection criteria will be determined by the People Strategy Committee after receiving recommendations from the Chair who will take into account the views of the Board<sup>8</sup>. In line with its role in relation to succession planning, the People Strategy Committee will advise the Chair on composition and skill mix of the Board, and matters relating to terms of office and reappointments.
18. The People Strategy Committee will oversee the process of appointment to the Board, to ensure that this is clear, transparent and fair, and in line with this protocol. The Committee will receive and approve the outline of the process to be adopted, including the draft advertisement, the information pack including details of the person specification and selection criteria and consider any proposed additional processes of assessment.
19. An external agency may be appointed to administer the recruitment process, following a tendering process overseen and approved by the People Strategy Committee.
20. All appointments will be advertised nationally in suitable print and/or online media including the *Law Society Gazette* where solicitor candidates are sought.

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<sup>7</sup> As per the Guidance to Part 2 of the IGRs. Schedule 1 paragraph 3 of the Legal Services Act 2007 specifies, in relation to members of the LSB, the desirability of securing that members (between them) have experience or knowledge of (a) the provision of legal services; (b) legal education and legal training; (c) consumer affairs; (d) civil or criminal proceedings and the working of the courts; (e) competition matters; (f) the maintenance of the professional standards of persons who provide legal services; (g) the maintenance of standards in professions other than the legal profession; (h) the handling of complaints; (i) commercial affairs; (j) non-commercial legal services; (k) the differing needs of consumers; (l) the provision of claims management services (within the meaning of Part 2 of the Compensation Act 2006 (c. 29)).

<sup>8</sup> The People Strategy Committee is a Committee of the Board established, amongst other matters, to advise on the appointment, remuneration, performance and appraisal processes and contractual matters relating to Board members.

21. Long listing and short listing of candidates will be carried out by the appointment panel<sup>9</sup> to ensure that the process is robust and independent.
22. Standard interview questions will be developed with regard to the published criteria, although additional questions will come up as each interview will have differences depending on the discussion and candidates. This will ensure that all candidates are asked the same questions and are assessed objectively against the desired competencies.
23. Each panel member will have a record sheet and will assess candidates' responses to questions against the criteria.
24. A full record of the panel's discussions, points considered and final decisions will be made and maintained<sup>10</sup>.

### **The Panel**

25. The LSB's IGRs require the process of appointment to be demonstrably free from undue influence of persons with representative functions and that panels should be seen to be capable of producing a qualified and independent Board. This would indicate that panels might include a lay representative, and a member external to both
26. Appointments will be made by an appointment panel for which members will be selected by the Chair of the Board each time a recruitment round is held. The panel will be chaired by the Chair of the Board (who has a casting vote, if necessary) and will include<sup>11</sup>:
  - A member of the Board (who may be a solicitor or a lay member), who is not eligible for reappointment.
  - A member of the Law Society Council. An invitation will be extended to the President to participate but they may choose to nominate the Vice President or Deputy Vice President to be a member of the panel in their stead.
  - An independent member.

### **Reappointment of Board members**

27. Board members may be appointed for a period of up to four years and reappointed any number of times but may only serve for up to a total of six years.
28. Decisions on reappointment will be guided by objective annual appraisals and the desirability of ensuring a balance between regular turnover and continuity<sup>12</sup>.
29. A member can only be reappointed following completion of a satisfactory appraisal in the final year of the existing appointment. The SRA Governance Handbook sets out the process for the annual appraisal of Board members<sup>13</sup>. Annex 3 to the Handbook

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<sup>9</sup> See composition of the panel below

<sup>10</sup> Guidance to Part 2B of the IGRs

<sup>11</sup> The composition of the panel meets the requirements set out in the Guidance to Part 2 of the IGRs.

<sup>12</sup> Guidance to Part 2 of the IGRs.

<sup>13</sup> Paragraph 9 of the SRA Governance Handbook.

sets out the appraisal framework and behavioural competencies<sup>14</sup> and Annex 4 comprises the Code of Conduct for members. A satisfactory appraisal requires at least an 'achieved' rating against each behavioural competency and a statement of compliance with the Code of Conduct.

30. When considering reappointments, the Chair will also have regard to the composition of the Board, including the skills, knowledge and experience of the existing Board members. The decision to reappoint a member, including the length of the term to be served, will be recommended by the Chair to an independent panel, constituted as in paragraph 26, for ratification.

### **Appointment of the Board Chair**

31. The General Regulations prescribe that the Board must have a lay Chair. This was a requirement introduced by the LSB's IGRs.<sup>15</sup> There is currently no maximum term for which an individual can serve as Chair of the Board, save for the limitation that any Board member can serve for up to a total of six years (which includes any time served as Chair). Since 2014 the LSB's IGRs have prescribed that the process for the appointment or reappointment of the Chair of the Board will be delegated to an independent panel.

### **The Panel**

32. An independent Panel will be appointed by the Board, as the regulatory body, in a process managed by the People Strategy Committee and following consultation with the Law Society. The decision on the most suitable candidate for appointment, as assessed against the selection criteria, will be made by the independent appointment panel. The panel will be chaired by an independent member (who has a casting vote, if necessary) and will include as a minimum<sup>16</sup>:
  - A Chair independent of and external to both the Law Society and the SRA.
  - A member of the Law Society Council – usually chosen from among the President, Vice President or Deputy President, as above.
  - A member of the Board, who is not eligible for reappointment.

### **Competencies and criteria**

33. The selection criteria for the appointment will be designed by the SRA as the regulatory body after consultation with the Law Society. The criteria and details of the selection process will be published.
34. The criteria should recognise the leadership skills, capacity for independent thought and the experience of chairing a body with a complexity of stakeholder relationships which are necessary to enable the SRA to fulfil its regulatory functions effectively and efficiently.

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<sup>14</sup> These include: Contribution to strategic direction; Effective leadership; Influencing, communicating and building relationships; Drive for results; Accountability and Analytical Skills and sound judgment.

<sup>15</sup> Part 1C of the Schedule to the IGRs prescribes that regulatory boards must have a lay majority and a lay Chair.

<sup>16</sup> The composition of the panel meets the requirements set out in the Guidance to Part 2 of the IGRs.

## **Selection Process**

35. An external agency may be appointed to administer the recruitment process, following a tendering process overseen and approved by the People Strategy Committee.
36. All appointments will be advertised nationally in suitable print and/or online media.
37. Long listing and short listing of candidates will be carried out by the appointment panel to ensure that the process is robust and independent.
38. The independent panel will decide the most suitable candidate for appointment. A full record of the panel's discussions, points considered and final decisions will be made and maintained.<sup>17</sup>

## **Reappointment of the Board Chair**

39. A proposal to reappoint an existing Chair requires the support of the Board. The People Strategy Committee will initiate the process and, with the full involvement of the Board and guided by the annual feedback exercise against the criteria and competencies for the role, will frame the recommendation to be put to the independent panel.
40. In common with other Board members, the Chair will only be put forward for consideration for reappointment following completion of a satisfactory appraisal in the final year of the existing appointment. The SRA Governance Handbook sets out the appraisal framework and behavioural competencies<sup>18</sup> and Annex 4 comprises the Code of Conduct for members. A satisfactory appraisal requires at least an 'achieved' rating against each behavioural competency and a statement of compliance with the Code of Conduct.
41. The decision to reappoint the Chair, including the length of the term to be served, will be recommended by the People Strategy Committee to an independent panel constituted as in paragraph 32, for ratification.

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<sup>17</sup> Guidance to Part 2B of the IGRs

<sup>18</sup> These include: Contribution to strategic direction; Effective leadership; Influencing, communicating and building relationships; Drive for results; Accountability and Analytical Skills and sound judgment.