



THE PROPOSED IPS APPROACH TO RISK-BASED REGULATION

ABOUT YOU

Please provide the following information about you. Where you are responding on behalf of an organisation please provide a contact name and telephone number.

Your name...Ben Scanlon

Name of organisationBar Standards Board.....

Address 289-293 High Holborn

.....LONDON

.....

Post code WC1V 7HZ

Telephone no. ...02076111414.....

Emailbscanlon@barstandardsboard.org.uk.....

If you are responding on behalf of an organisation outline the type of organisation for which you provide a response (eg representative body, regulatory body etc)

.....regulatory body.....

.....

Do you consent to IPS publishing your response**Yes**

CONSULTATION QUESTIONS

Q1. Do you have any comments on the Risk Framework described at Annex 1 of this Consultation

Yes

Provide comments below

The Bar Standards Board (BSB) notes that the calculation in the proposed Basic Risk Assessment is measured as 'impact' times 'probability' = 'risk' – which is a standard risk formula and accords with the approach of other regulators, including the BSB.

We also note that it is proposed that impact factors are multiplied together to reach an Impact rating and that risk factors are treated individually and then added together to reach a rating for probability. This is therefore a partially quantitative approach to risk assessment.

We would be interested to understand the respective weightings for the different factors; the nature of the scales for the different factors and ratings; and how the score of each factor will be decided upon.

Further details should be provided as to how different impact and risk factors will be assessed.

Based on our own consideration of these issues, we question the appropriateness and reliability of the proposed calculus as an objective and fair measure of risk. There are a number of inherent difficulties in mathematically calculating risk in this context and we suggest that a qualitative review and assessment might be better suited.

We would very much welcome further opportunities to discuss our respective approaches.

Q2. Do you have any comments on the proposed IPS Roles, Functions and Processes shown at Annex 2 of this Consultation

Yes / No

Provide comments below

The BSB suggests that further details could be provided of the nature of the proposed Advanced Risk Assessment which incorporates a visit to the relevant practice, and also of the proposed 'spot check' monitoring visits on a proportion of entities. In particular, we suggest that further details might be provided as to the nature of any assessment of the quality of the policies, procedures or other practices during the visit.

Q3. Do you have any comments on the proposed basis of charging which will seek to reward those that best manage risk with lower regulatory costs

Yes / No

Provide comments below

The BSB notes the charging structure and suggests that further consideration could be given to whether this approach might unfairly penalise practices which undertake more inherently risky services and therefore find it more difficult to manage the risks.

Please send the response form to IPS through one of the following methods:

- Email to ipsconsultations@ilexstandards.org.uk
- By post to ILEX Professional Standards Ltd, Kempston Manor, Kempston, Bedford MK42 7AB
- By DX to ILEX Professional Standards Ltd, DX 124780 Kempston 2

Submission deadline

The deadline for the submission of responses is **10th August 2012**