

CLASSIFICATION – PUBLIC

**SOLICITORS REGULATION AUTHORITY
Minutes of the SRA Board meeting
held on 1 June 2016 at 14:00
at The Grange Holborn Hotel, 50-60 Southampton Row, London WC1B 4AR
PUBLIC**

Present: Enid Rowlands (Chair)
Julia Black
Sharon Darcy
Jane Furniss
David Heath
Paul Marsh
Barry Matthews
Dame Denise Platt
Chris Randall
Deep Sagar
Shamit Saggarr
Elaine Williams
David Willis

In attendance: Paul Philip, Richard Collins, Jane Malcolm, David Middleton, Juliet Oliver, Crispin Passmore and Dominic Tambling

1 APOLOGIES

1.1 The Chair welcomed everyone to the meeting including the journalists in attendance and the Law Society observers. Apologies had been received from Geoff Nicholas and Robert Loughlin.

2 MINUTES OF THE MEETING HELD ON 9 MARCH 2016

2.1 The minutes of the meeting held on 9 March 2016 were agreed.

3 MATTERS ARISING AND DECLARATIONS OF INTEREST

3.1 There were no matters arising that were not covered on the agenda. The Board reviewed the action log and noted that the update on the research programme would be brought to the meeting on 13 July 2016.

3.2 The Chair noted that interests were as previously declared and available to view on the SRA website. Members would declare any particular interest in an individual item if necessary.

4 CHAIR'S UPDATE

4.1 The Chair reported that the programme of meetings with solicitors and parliamentarians continued. David Willis and David Heath had attended a meeting with the Norwich and Norfolk Law Society on 26 April 2016.

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- 4.2 A number of Board members had attended a reception for Welsh parliamentarians on 13 April 2016. This was hosted by the Secretary of State for Wales the Rt Hon. Alun Cairns MP and offered an opportunity to meet a number of Welsh MPs representing Plaid Cymru, Labour and the Conservatives, as well as senior civil servants and prominent Welsh solicitors.
- 4.3 A dinner with Conservative MPs on 18 April 2016 was hosted by Lord Holmes of Richmond MBE and included Lord Faulks QC, Minister of State for Justice, amongst the attendees. A range of topics were discussed including our regulatory reform programme and Looking to the Future campaign, our proposals for a Solicitors Qualifying Exam, professional standards and independent regulation.
- 4.4 The Chair thanked Barry Matthews and Geoff Nicholas for attending Meet the Board sessions with staff on 11 May 2016 at The Cube. These had provided a useful opportunity for the three of them to explain the role of the Board to staff and to hear the views of staff on a number of issues.
- 4.5 The process of recruiting a Board member to replace Moni Mannings was on track. Saxton Bampfylde was handling the process and the vacancy had been advertised.

5 CHIEF EXECUTIVE'S REPORT

- 5.1 Paul Philip introduced his report and drew the Board's attention to paragraph seven which summarised the results from a profession wide survey on adoption of the new approach to continuing competence. The mandatory deadline for adopting the new approach was 1 November 2016.
- 5.2 Paragraphs 24 and 25 provided an update on the provision of open data on the firms regulated by the SRA which was currently being used by four re-publishers. Jane Malcolm said that there was as yet no information from law firms on what, if any, effect this data being available was having but some work on this would now be done. Jane Malcolm also confirmed that feedback on the work on social media summarised in paragraph 26 would be made available to the Board.
- 5.3 Paul Philip reported that the latest public indemnity insurance renewals round had gone well and only six firms were currently in discussion with Supervision. He confirmed that publication of the names of firms which did not renew insurance would continue to take place if that was thought necessary.

6 LEGAL SERVICES BOARD PERFORMANCE REPORTS

- 6.1 Paul Philip asked the Board to note the LSB's Solicitors Regulation Authority's Regulatory Standards Report 2015/16 and the Regulatory Standards Thematic Report 2015/16. These reports were produced every two years with a smaller scale assessment in the intervening years but he understood that the LSB was considering whether or not to continue with the same approach. This was the best report which the SRA had received from the LSB but there was no room for complacency.
- 6.2 The covering paper set out some areas on which the LSB had commented positively and others in which it called for further improvement. He undertook to provide the Board with information on when we would be able to say that we have improved on the current gradings against the regulatory standards.

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- 6.3 The Chair said that the report showed that the organisation had made significant improvements but reflected the Board's view that the SRA remained a work in progress.

7 LOOKING TO THE FUTURE: HANDBOOK REVIEW AND PHASE 3 OF THE ACCOUNT RULES REVIEW

7(a) Handbook Review

- 7.1 Crispin Passmore said that the consultation on the Handbook review was the culmination of two years work which began in April 2014. It recognised the changing legal market and the way in which consumers accessed it. The Handbook had been in place since 2011 but the current version was the 16th that had been issued. This consultation dealt primarily with Codes of Conduct but more changes that flowed from these would be brought to the Board later in the year.
- 7.2 There were separate proposals on Codes of Conduct for solicitors and firms that we regulate. The proposals were designed to give more freedom to solicitors to work in different ways. It was currently the case that the only people who could not deliver legal services in unregulated firms were solicitors. There was a lot to consider in the proposals which was why a 16 week consultation was proposed.
- 7.3 Board members made a number of comments including that, as it seemed that these proposals would mean more onus on solicitors to consider risks, case studies and decision trees should be developed to assist them. A solicitor who could demonstrate that they had had regard to such materials might then be able to use them in at least partial mitigation if something went wrong.
- 7.4 It was also important to be clear that rules relating to the regulation of firms did not apply to in-house teams and to be clear what outcomes the SRA was looking for from these proposed changes. Concerns were also expressed about taking care to ensure that there were not too many consultations taking place at the same time or one after another.
- 7.5 Crispin Passmore thanked Board members for these points with which he agreed and said that work would be done on outcomes as the Looking to the Future project progressed.
- 7.6 The Chair thanked Crispin Passmore, Juliet Oliver and their teams for the work that they had put in to this issue as well as Julia Black and the members of the Policy Committee.
- 7.7 The Board agreed to launch the consultation and noted the proposed 16-week consultation period.

7(b) Phase 3 of the Accounts Rules Review

- 7.8 Crispin Passmore said that these proposals were a small but important part of the overall package of reforms. The proposals were about three things: simplifying the accounts rules; amending the definition of what we regard as client money; and third party managed accounts. He agreed to suggestions from Board members that crib sheets should be produced to assist consumers in accessing the

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consultation and that in cases that really were unusual and extreme there should be a mechanism for ensuring that consumer redress did not take too long.

7.9 The Board noted the direction of travel set out in the consultation paper and specific proposals to:

- amend the Accounts Rules so they are focused on the key principles for keeping money safe, resulting in a much shorter set of Rules supported by guidance and case studies.
- focus more clearly on what is client money and what is the firm's money - including a change in the definition of client money and removal of references to *office money* and *office account*
- enable firms to make use of Third Party Managed Accounts (TPMA) as a mechanism for holding client money should they choose to

7.10 The Board also approved the consultation paper, consultation questions and draft SRA Accounts Rules [2017] and Initial Impact Assessment for publication and that the consultation would run for a period of 16 weeks.

8 ANY OTHER BUSINESS

8.1 There was no other business. The Chair thanked members for their contributions to the meeting.

NEXT MEETING: WEDNESDAY 13 JULY 2016 AT THE CUBE, 199 WHARFSIDE STREET, BIRMINGHAM, B1 1RN AT 13:30

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Solicitors Regulation Authority Action Log: Public - 1 June 2016

Meeting date	Paragraph	Action	Owner	Date for action
2 Dec 2015	7.4	Update the Board on SRA Research Programme	Crispin Passmore	13 July 2016
1 June 2016	6.2	Provide the Board with information on when we would be able to say that we have improved on the current gradings against the regulatory standards.	Paul Philip	End 2016

Solicitors Regulation Authority Board Record of Actions Completed: Public

Meeting date	Paragraph	Action	Owner	Date completed