

**CLASSIFICATION – PUBLIC**

**SOLICITORS REGULATION AUTHORITY  
Minutes of the SRA Board meeting  
held on 13 September 2016 at 13:30  
at The Grange Holborn Hotel, 50-60 Southampton Row., London WC1B 3AR  
PUBLIC**

Present: Enid Rowlands (Chair)  
Julia Black  
Sharon Darcy  
David Heath  
Geoff Nicholls  
Barry Matthews  
Dame Denise Platt  
Chris Randall  
Shamit Saggar  
Elaine Williams  
David Willis

In attendance: Paul Philip, Richard Collins, Jane Malcolm, Robert Loughlin, Juliet Oliver, Crispin Passmore and Dominic Tambling.

**1 APOLOGIES**

1.1 The Chair welcomed everyone to the meeting including the journalists in attendance. Apologies had been received from Jane Furniss, Paul Marsh, Deep Sagar, Tony Williams and David Middleton.

**2 MINUTES OF THE MEETING HELD ON 13 JULY 2016**

2.1 The minutes of the meeting held on 13 July 2016 were agreed.

**3 MATTERS ARISING AND DECLARATIONS OF INTEREST**

3.1 There were no matters arising that were not covered on the agenda.

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 was very pleased that Tony Williams had been appointed as a solicitor Board member and would attend his first Board meeting in October. He was hugely experienced with a broad understanding of the profession.

4.2 The Chair thanked David Willis and Deep Sagar for attending the Meet the Board event in Leicester on 7 September 2016. There had been a high level of engagement and some interesting questions had been asked.

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- 4.3 The Chair told the Board that recommendations on amendments to the organisation's KPIs would be brought to the October Board meeting. She and Robert Loughlin were very grateful for Deep Sagar and Chris Randall's input into this work. .

### **5 CHIEF EXECUTIVE'S REPORT**

- 5.1 Paul Philip introduced his report and highlighted that the Legal Services Board had confirmed the levels of the 2016/17 fee determinations and welcomed the reduction in the level of fees.
- 5.2 The Competition and Markets Authority (CMA) had published its interim report on the legal services market and we had responded and subsequently provided further information about reserved legal activities at the CMA's request.
- 5.3 We had also responded to a consultation from the Ministry of Justice (MoJ) and welcomed its proposals in relation to the owners of Alternative Business Structures in particular. A further MoJ consultation on the arrangements for gaining approval to destroy documents obtained during interventions had been welcomed and if implemented would lead to significant cost savings.
- 5.4 The Trust and the Market event which we had held on 15 July 2016 had been very successful with over 125 delegates. Interestingly, three quarters of these had been from outside the legal sector.
- 5.5 Finally, Paul Philip reported that he had spoken at a Westminster Legal Forum event the previous day and had received positive feedback.

### **6 COMPENSATION FUND 2015 FINANCIAL STATEMENTS**

- 6.1 Richard Collins explained that the Board was being asked to approve the Compensation Fund statements and letter of representation for 2014/15. The paper contained a fair amount of detail because the Compensation Fund was involved in significant financial commitments. The external auditors, pwc, had carried out most of the audit work but was supported by Deloitte in making detailed checks on payments. These covered 70-90% of payment made in five specific areas.
- 6.2 Grants for the year had totalled £17.9m against £23.8m the previous year. Recoveries had increased from £6.4m to £7m. and there had been fewer claims than the previous year, 1,100 as opposed to 1,800. The most significant item in terms of payments made had been in relation to interventions, including the storage of client files.
- 6.3 At the year end the balance had reduced from £56m to £44m. This was part of a deliberate move to reduce the maximum amount held in the Fund to £20-25m. The contributions which had been agreed would bring in 8-9m which would likely be less than the overall spend for the year and thus bring about a further reduction in the reserve balance.
- 6.4 David Willis, Chair of the Finance and Audit Committee, noted that it had looked at the accounts on two occasions including looking a final version at a meeting the previous week. The Committee recommended approval to the Board. In response to questions from Board members Richard Collins confirmed that Deloitte had raised two non-material matters. One of these related to the timing of

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cash showing up on the system which had been resolved and the other to a mismatch on the financial system arising from the claim form where multiple claims were made on a single form. This was now being reviewed and Deloitte would carry out similar tests the following year.

6.4 Richard Collins also reminded the Board that an issue with the legal status of the Trust had been identified. It had previously been described and treated as a Trust but external advice had confirmed that it was in fact a fund created by statute. Juliet Oliver confirmed that the documents before the Board reflected this change in status. Paul Philip said that the key point was that the money collected by the Fund was used for a specified purpose and so was not consolidated into the TLS accounts.

6.5 The Board agreed the Compensation Fund 2015 Financial Statements and Letter of Representation.

### **7 RISK OUTLOOK 2016/17: RELEASE OF A PAPER ABOUT THE UNITED KINGDOM EXITING THE EUROPEAN UNION**

7.1 Crispin Passmore introduced the paper. The Risk Outlook report had been published in July and represented an improvement on previous editions. It had been better received and more widely used. The Autumn Outlook would focus on information security.

7.2 Following the result of the referendum on the UK exiting the EU a further Outlook document had been produced to provide an update to the people and businesses we regulate on the possible effects of the decision. The difficulty in doing this was that there was still a great deal of uncertainty about what the UK's future relationship with the EU would be. It was likely that this publication would be the first of many on this subject in the coming years.

7.3 Paul Philip said that it was important point to note was that because of the uncertainty the regulatory framework did not need to change as a result of the referendum result. Moreover, it did not undermine the need to keep moving forward on regulatory reform,

7.4 Board members reported that the greatest concern being expressed about this issue was around whether English and Welsh law would continue to hold its place as the primary law for commercial business around the world. There was also a wider point of concern among the professions about professional recognition and it was suggested that the Government should be engaged on this point. Crispin Passmore confirmed that he was talking to Government about these issues though not yet to other professions.

7.5 Board members welcomed the paper and noted that although there was a large degree of uncertainty it did a good job of starting to define what the issue that would need to be addressed were likely to be.

7.6 The Board noted:

(a) the publication and early impact of the Risk Outlook 2016/17

(b) the release of a Risk Outlook topic paper about the UK exiting the EU.

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### **8 ANY OTHER BUSINESS**

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

**NEXT MEETING: WEDNESDAY 26 OCTOBER 2016 AT THE CUBE, 199  
WHARFSIDE STREET, BIRMINGHAM B1 1RN COMMENCING AT 13:30**

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### Solicitors Regulation Authority Action Log: Public - 26 October 2016

Meeting date	Paragraph	Action	Owner	Date for action
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
13 Jul 2016	7.3	Include consumer research on SRA Research Programme	Crispin Passmore	December 2016

### Solicitors Regulation Authority Board Record of Actions Completed: Public

Meeting date	Paragraph	Action	Owner	Date completed