

SRA BOARD

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**SOLICITORS REGULATION AUTHORITY
Minutes of the SRA Board meeting
held on 30 May 2018 at 09.30
at 24 Martin Lane, London, EC4R 0DR**

Subject to final approval by the SRA Board at its meeting on 18 July 2018

Present: Enid Rowlands (Chair)
Julia Black
Sharon Darcy
David Heath
Paul Loft
Barry Matthews
Geoff Nicholas
Dame Denise Platt (for items 1 to 6)
Elaine Williams
Tony Williams
David Willis

In attendance: Paul Philip, Richard Collins, Robert Loughlin, Jane Malcolm, David Middleton, Juliet Oliver, Crispin Passmore, Louise Bushnell

1 APOLOGIES

1.1 The Chair welcomed Board members to the meeting. Apologies had been received from Chris Randall and Deep Sagar.

2 MINUTES OF THE MEETING HELD ON 7 MARCH 2018

2.1 The minutes of the meeting held on 7 March 2018 were approved as a true and accurate record.

3 MATTERS ARISING AND DECLARATIONS OF INTEREST

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

3.2 Interests were as previously declared and available to view on the SRA website. Members would declare any additional particular interest in an individual item if necessary.

4 CHAIR'S UPDATE

4.1 The Chair informed the Board that Deep Sagar had decided to resign from the Board and thanked Julia Black for agreeing to stay on the Board until the end of the year. This would mean there would be two vacancies on the Board and the Board agreed that recruitment should begin once the new Chair had been appointed in the autumn. The Chair also provided an update on the reappointment

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of Board members. The Board confirmed the appointment of Paul Loft to the Finance and Audit Committee.

- 4.2 The Chair also reported on meetings with The Law Society, Legal Services Board members and with the City of London Law Society.
- 4.3 The Chair thanked Denise Platt and Elaine Williams for attending a dinner as part of International Women's Day week to mark the repeal of statutes which prevented women from practising as lawyers and David Willis for attending the City of London Law Society meeting.

5 CHIEF EXECUTIVE'S REPORT

- 5.1 The Chief Executive Officer, introduced his report (link).
- 5.2 The CEO covered a number of issues, for noting. These included an update on the Solicitors Qualifying Examination, the publication of a suite of documents on anti-money laundering, the modernising IT programme and the implementation of the General Data Protection Regulation.
- 5.3 The Board's attention was also drawn to the Head of our Contact Centre, who won Business Improvement Manager of the year at the 2018 UK National Contact Centre awards. The Board offered its congratulations to the individual concerned.
- 5.4 The Board agreed to undertake a short consultation to clarify the reporting of concerns about potential misconduct. The consultation document would be agreed by the Policy Committee prior to publication.
- 5.5 The Board also reviewed the evaluation timeline for the regulatory reform programme and discussed the evaluation report that had been recently published on the 2014 decision to remove the minimum salary for trainees.

6 RESPONSE TO CONSULTATIONS ON LOOKING TO THE FUTURE: PHASE TWO OF OUR HANDBOOK REFORMS AND BETTER INFORMATION

- 6.1 The Board was asked to consider the responses received to our consultations on phase two of Looking to the Future and Better Information. This followed initial discussion at its away days in April.
- 6.2 The Board thanked the staff involved for their work. Discussion followed on the drafting of the documents, the timelines for implementation and the plans in place to make the documents and accompanying guidance as accessible as possible. The Board was informed that work was taking place to develop tailored guidance working with key groups to ensure its accessibility and relevance.
- 6.3 The Board made a number of suggestions that were agreed and would be incorporated into the papers prior to publication. The Board approved post consultation position papers, analyses of responses and impact assessments for

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publication in June 2018 subject to the agreed drafting amendments. It also made the associated rules. The rules would now go to the Legal Services Board and where relevant, to the Financial Conduct Authority, for approval.

7 SRA DRAFT 2018/19 BUDGET AND NET FUNDING REQUIREMENT

- 7.1 The Board considered the draft budget for the 2018/19 financial year (1 November 2018 to 31 October 2019) and the net funding requirement (NFR). This represents the amount needed to be collected from regulated individuals and entities through practising fees to fund the work of the SRA.
- 7.2 The Board discussed the rationale behind the proposed budget and the main budget pressures. The Finance and Audit Committee had considered drafts of the NFR and budget at its meetings in February and May and supported the recommendation.
- 7.3 The Board agreed the draft budget and net funding requirement for the 2018/19 financial year. It also agreed the recommendation to part fund the 2018/19 budget from the money the SRA put into Law Society Group reserves at the end of the last financial year, noting that this approach would need to be approved by The Law Society. The budget and NFR would now be subject to approval by the Law Society before being submitted to the Legal Services Board for approval in August.

8 COMPENSATION FUND CONTRIBUTION FOR 2018/19

- 8.1 The Board considered a paper recommending the level of contributions to the Compensation Fund in 2018/19 for individual solicitors and for firms. The Fund pays discretionary grants to people who have lost money as a result of dishonesty or failure to account by solicitors or law firms.
- 8.2 David Willis, Chair of Finance and Audit Committee, reported that the Committee had looked closely at the background figures at its most recent meetings in February and May and supported the recommendation.
- 8.3 The Board discussed the possible pressures on the Fund, including the risks posed by potential public losses incurred by solicitor involvement in dubious investment schemes, and the assessment of risk to the Fund. The approach to maintaining a sufficient balance and avoiding additional in year contributions was also discussed along with the split of contributions between firms and individuals, the structure of the Fund and the calculations used to determine the contributions and account for future liabilities. In arriving at the proposed fee, it was noted that both historical claims and future potential liabilities had to both be considered. The Board agreed to have a further discussion on the Compensation Fund in due course.
- 8.4 It was noted that we are currently consulting on the scope of the Compensation Fund with a view to ensuring that financial support is focused on those most in need of help. The outcomes of this would come back to the Board early next year.

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8.5 The Board agreed the level of Compensation Fund contributions for 2018/9.

9 COMPENSATION FUND 2017 FINANCIAL STATEMENTS

9.1 The Board considered and approved the Compensation Fund 2017 Financial Statements, Letter of Representation and Statement of Disclosure for the period ending 31 October 2017. Finance and Audit Committee had considered the financial statements at its meeting in May. They had also been reviewed by the Group's external auditors and appropriate assurances provided. The Board was also given an overview of the additional assurance work that took place on the financial statements and informed that no other information was known that should have been made available to the Board before agreeing the financial statements for the Compensation fund.

10 LEGAL SERVICES BOARD REPORT INTO THE LAW SOCIETY'S OVERSIGHT AND MONITORING OF THE SRA

10.1 Enid Rowlands informed the Board that the Legal Services Board report had not been received in time for the meeting. It would be circulated to Board members when available.

11 REPORT OF BOARD SHORT LIFE WORKING GROUP

11.1 The Board considered the work of the short life working group set up to look at disciplinary matters. It noted the work of the group was substantively now completed.

11.2 The Board noted the report and agreed that an annual paper on our enforcement work be presented to the Board on an annual basis.

12 REVIEW OF MEETING AND ANY OTHER BUSINESS

12.1 The Board received an update from committee chairs in relation to committee meetings that had taken place since the last Board meeting.

12.2 The Chair thanked Board members for their contributions. The next meeting of the Board would be on Wednesday 18 July at The Cube, Birmingham B1 1RN at 10.00.