

SRA BOARD

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**SOLICITORS REGULATION AUTHORITY
Minutes of the SRA Board meeting
held on 22 October 2019 at 12.30
at The Cube, 199 Wharfside Street, Birmingham B1 1RN.**

Subject to final approval by the SRA Board at its meeting on 3 December 2019

Present: Anna Bradley (Chair)
Sharon Darcy
David Heath
Peter Higson
Paul Loft
Barry Matthews
Geoff Nicholas
Dame Denise Platt
Chris Randall
Selina Ullah
Elaine Williams
Tony Williams

In attendance: Paul Philip, Mark Draisey, Robert Loughlin, Jane Malcolm, Juliet Oliver, Liz Rosser, Julie Brannan, Chris Handford, Sara Gwilliam (for item 9), Rachel Pillinger (for item 10), Dominic Tambling

1 APOLOGIES

1.1 The Chair welcomed Board members to the meeting. Apologies had been received from Davis Willis.

2 MINUTES OF THE MEETING HELD ON 10 SEPTEMBER 2019

2.1 The minutes of the meeting held on 10 September 2019 were approved as a true and accurate record and the decisions made at that meeting, when the Board was not constituted with a lay majority, were therefore ratified.

3 MATTERS ARISING AND DECLARATIONS OF INTEREST

3.1 There were no matters arising that would not be covered elsewhere on the agenda and all actions due had been completed or were in hand.

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 thanked Board members for their participation in the morning workshop. The Board had explored the way in which performance information is reported to

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the Board and to the wider public, looking in detail at a balanced scorecard approach. The Executive would now work up proposals in more detail, to bring to the Board in December. Further work could include development of additional measures and iteration as we move into evaluating our policy reforms and toward the new Corporate Strategy.

- 4.2 The Board had also looked at our work to develop a policy reform evaluation framework. It had received a presentation from Economic Insight, an economics consultancy which had been appointed to set out our baseline position and model what impacts we should be measuring and how we should measure it, including what data we would need. The models would form the foundation for us to evaluate the reforms at one, three and five years after implementation.
- 4.3 The Board had also had a further discussion around the direction of travel for the policy review of the Compensation Fund. A paper would come to the December Board meeting ahead of a further consultation on our proposals.
- 4.4 The Chair had attended the Labour Party Conference and thanked David Heath and Tony Williams for attending the Liberal and Conservative Party Conferences respectively. Our fringe meetings had covered the use of technology and, separately, the development of progressive and inclusive workplaces. The events attracted considerable interest and had been well attended, with positive discussion.
- 4.5 The Chair had recently returned from Australia where she had attended the annual Conference of Regulatory Officers in Melbourne on 15 and 16 October 2019. She had spoken to the Conference about our policy reform programme and the way in which we intended it to have a positive impact on access to justice. The Chair had also had a number of productive meetings with Australian regulators on issues such as sexual harassment in the workplace, as well as with other organisations in the legal sector. Topics covered included the use of technology, professional indemnity insurance and work based experience.
- 4.6 Finally, the Chair had met the President of the Law Society the previous day, along with the CEOs of both organisations, to discuss our future working relationship. Discussions were positive and the Board would be kept informed of developments.

5 COMMITTEE CHAIR REPORTS

- 5.1 The Board was asked to consider written updates from the Chair of the Policy Committee, which had met on 20 September July 2019, and the Chair of the Finance and Audit Committee, which had met on 1 October 2019.
- 5.2 The Board discussed the reports and noted that good progress was being made on the Modernising IT Programme. Lessons learned from the programme were being gathered and would be brought to the Finance and Audit Committee and Board in due course.

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5.3 It was also noted that the Executive would provide regular updates to the Board on compliance with GDPR.

NB: the paper relating to this item will not be published as it relates to emerging policy.

6 CHIEF EXECUTIVE'S REPORT

6.1 The Chief Executive presented his report. The Board noted that we had started communications with the profession to ensure that it was aware that no new claims for post six year run off would be accepted by the Solicitors Indemnity Fund after 30 September 2022. We had already sent a notification out via SRA Update and to all Compliance Officers through Compliance News. We are were also working with the Law Society on a comprehensive communications plan.

6.2 The CEO confirmed that the digital register of solicitors would be in place for the introduction of the new Standards and Regulations on 25 November 2019. Following extensive market testing with 2,000 members of the public we had decided to call it the Solicitors Register.

6.3 The Board discussed the update provided in the paper on the redevelopment of the Legal Choices website and it was agreed that a more detailed report would be brought to the Board in the new year.

6.4 The CEO updated the Board on our work on anti-money laundering and in particular the changes we would be required to make under the regulations to our approval processes for those defined under the money laundering regulations as beneficial owners, officers and managers (BOOMs). Board members noted that there were additional requirements for DBS checks and that it was important to communicate this to the profession.

6.5 The CEO reported that the Modernising IT Programme was progressing well. The new finance system which had gone live in July was being successfully used for the collection of fees under the 2019 Practising Certificate Renewal Exercise.

6.6 The paper reported on the publication of research exploring the views of people with differing types and severities of disability on their experience of accessing professional legal services. Board members noted the main findings of the research and suggested that we should consider doing more to promote awareness within the profession of the need to provide reasonable adjustments and to support clients with difficulties. This might include working with charities and other relevant organisations to highlight good practice and steps that firms can take to improve service for people with disabilities.

6.7 Board members noted the report on selection of the eight finalists for the Legal Access Challenge who would now receive £50,000 each to develop technological solutions to broaden access to legal services. An analysis of all 117 applications

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received, including the results of a survey of the applicants, would be brought to the Board in due course.

NB: the annexes to this paper will not be published because they contain information which is commercially sensitive or include discussion of risk that might be exacerbated by publication.

7 REVISED SCHEDULE OF DELEGATION

- 7.1 The Board was asked to consider updates to the current Schedule of Delegation to reflect the new Standards and Regulations bring introduced on 25 November 2019.
- 7.2 The Schedule of Delegation sat under a Board delegation framework which provided that executive functions are delegated by the Board to the Executive. The Schedule set out which categories of staff can make particular regulatory decisions, subject to a number of management controls. It sought to ensure that delegations are robust and transparent and consistent and proportionate.
- 7.3 Board members noted that responsibility for agreeing changes to the Schedule currently sat with them but that this was a function which should properly be carried out by the Chief Executive. The Board therefore agreed that in future changes to the Schedule should be made by the Chief Executive and were content for the amendments to reflect the introduction of the Standards and Regulations to be made.
- 7.4 Board members also said that following this delegation the Chief Executive should provide assurance on an annual basis that the Schedule was up to date and ensured that decisions were made at a sufficient level and were of the standard expected.

8 BUDGET AND WORK PROGRAMME 2019/20

- 8.1 The Board was asked to consider and approve the Budget and work programme for 2019/20. The budget was set out in annex 1 of the paper and had been prepared following discussion and rigorous challenge with senior staff. It had also been considered and approved by the Finance and Audit Committee at its meeting on 1 October 2019.
- 8.2 Board members' attention was drawn to the table at paragraph 6 of the paper which set out the movements on the budget since the Board had approved the Net Funding Requirement (NFR) in May. It was noted that the convention was that depreciation was not included in the NFR but work was underway to change this. Staff costs were lower than in the NFR because a higher staff turnover figure had been adopted to reflect recent experience. It was confirmed that the budget did include increased costs for staffing in relation to work on anti-money laundering.

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- 8.3 Paragraph 11 of the annex identified areas which might give rise to additional costs during the year but could not currently be accurately estimated. The budget included a contingency to provide for any of these that materialised and work was ongoing to quantify the potential costs. Paragraph 12 set out some of the opportunities in the budget that might arise during the year. The Board agreed that it should receive regular updates on these risks and opportunities.
- 8.4 The work programme was reviewed and it was noted that 2019/20 is a year of transition as we move towards the new Corporate Strategy. The Board noted that a different approach would be taken to developing the work programme in future including that we would issue it for public consultation. Proposals would be brought to the Board on the future timetable and procedure for development of the NFR, budget and work programme. The Board approved the 2019/20 Budget and Work Programme.

9 MONEY LAUNDERING OFFICER ANNUAL REPORT 2019/20

- 9.1 The Board was asked to consider the Money Laundering Reporting Officer (MLRO) Annual Report for 2018/19.
- 9.2 This was the MLRO's second annual report and set out her activity during the year which included making Suspicious Activity Report disclosures to the National Crime agency based on suspicions of money laundering. 19 of these disclosures had been made in the year from a total of 258 matters escalated to the MLRO for review.
- 9.3 Other activity included provision of training on AML and Counter Financing of Terrorism and on Internal Suspicious Activity Reports for over 600 members of staff. The MLRO had also undertaken a great deal of work with other organisations including other legal regulators, the NCA, HMRC and the Gambling Commission. This was in addition to broad engagement with staff through the SRA to ensure that they were aware of her role and that she heard their concerns. She received good levels of support for her work through the organisation and was now supported by a Deputy MLRO who had been recruited during the year.
- 9.4 The report also confirmed that the MLRO had experienced no restrictions or resistance in undertaking her duties. The MLRO confirmed that she reported to the Executive Director of Resources rather than to any of the Executive Directors responsible for operational work or for AML policy and that she had a direct line to the Board Chair if needed.
- 9.5 In response to questions from Board members the MLRO confirmed that the NCA had not provided any feedback on the SARs disclosed to it, but that it did not normally provide such feedback as routine. She was not, therefore, aware whether it had any view on the number of disclosures made. It was agreed that it was difficult to know what good looks like and that this was a challenge across the sector.

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9.6 The Board received the Money laundering Reporting Officer report for 2018/19.

10 SRA CORPORATE COMPLAINTS

10.1 Board members were asked to consider an update on our corporate complaints handling for 2017/18 including a report from our Independent Reviewer (IR). This was the final report prepared by Ombudsman Service as the Centre for Effective Dispute Resolution had been appointed as our new IR in late 2018

10.2 Board members noted that we had a comprehensive complaints procedure which was available to anyone who came into contact with us. Most complaints came in from members of the public but solicitors also raised issues with the service they had received.

10.3 Complaints made about our service were handled under a three stage procedure. Stage 1 was dealt with by staff in the relevant operational area, stage 2 by our Corporate Complaints Team and stage 3 by our IR. It was noted that our complaints process was not a decision appeal procedure, but if a material mistake was identified the relevant team could be asked to review the matter.

10.4 Board members noted that there was a continuing downward trend in the number of complaints received. The highest number of complaints continued to come from those who were not happy with the outcome of a concern that they had made about a solicitor or firm. There were also complaints about delays in our processes. Board heard that we feedback lessons from corporate complaints into our operational work so that we can, for example, improve the way we keep complainants better updated.

10.5 It was agreed that it would be helpful to consider benchmarking our complaints procedure against other organisations as this had not been done for some time. Board members noted the Independent Reviewer's Annual Report 2017/18 and the areas that we were focusing on to improve our service.

11 ANY OTHER BUSINESS

11.1 The Chair thanked Board members for their contributions. The Chief Executive reported on some water damage at our offices at The Cube over the previous weekend. A number of desks were currently out of use but Business Continuity plans had worked well and there had been no impact on our work. Remedial work was underway and should be completed within a few weeks. There was no other business.

11.2 The Board would next meet on Tuesday 3 December 2019 at 24 Martin Lane, London EC4R 0DR.