

SRA BOARD

CLASSIFICATION – PUBLIC



**SOLICITORS REGULATION AUTHORITY
Minutes of the SRA Board meeting
held on 17 July 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 10 September 2019

Present: Anna Bradley (Chair)
Sharon Darcy
David Heath
Peter Higson
Barry Matthews (for items 1 to 7)
Geoff Nicholas
Dame Denise Platt
Selina Ullah
Elaine Williams
Tony Williams
David Willis

In attendance: Paul Philip, Mark Draisey, Robert Loughlin, Jane Malcolm, Juliet Oliver, Liz Rosser, Julie Brannan, Chris Handford, Dominic Tambling

1 APOLOGIES

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

2 MINUTES OF THE MEETING HELD ON 23 MAY 2019

2.1 The minutes of the meeting held on 23 May 2019 were approved as a true and accurate record. The Board was content with the new, fuller, form of minutes which would provide more of the flavour of discussion in meetings.

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.

4 CHAIR'S UPDATE

4.1 The Chair thanked Board members for participating in the seminar and workshop sessions the previous evening and that morning. The marketplace session had been a great opportunity for Board members to interact with key operational staff including those who were responsible for helping legal services users and the profession. It would provide an excellent basis for more detailed discussion in the future. A number of Board members had asked the Chair to ask the Chief Executive to pass on his thanks to all of the staff who had taken part.

SRA BOARD



CLASSIFICATION – PUBLIC

- 4.2 The Chair said that she had also found the discussion on the draft Upholding Professional Standards report very helpful and in particular how our new enforcement strategy is changing the mix of our work, helping us to focus on the most serious issues quickly and work with law firms directly to bring them into compliance. The report would now be finalised and published in the coming weeks.
- 4.3 In the morning workshop the Board had looked at how we regulate solicitors' advocacy work and the background to possible reforms, including some that would be considered later on the agenda. The Board had also reviewed its work in Wales against a background of increasing devolution and calls for a separate legal jurisdiction.
- 4.4 Finally for the workshop, the Board had spent some time reviewing the way it works alongside the new Corporate Governance Code. The development points will be re-presented to the Board as a development plan for the year.
- 4.5 The Chair reported that she had attended and spoken, along with the Chair of the National Endowment for Science, Technology and the Arts (Nesta), at the launch of the Legal Access Challenge on 30 May 2019. The Chair had discussed the Challenge with Lord Keen of Elie, spokesperson for the Ministry of Justice in the House of Lords and Lucy Frazer QC MP, the Solicitor General for England and Wales, at separate meetings in June and July. Further information about the Challenge was included in the CEO's report and more details of the plans and costs would be published shortly.
- 4.6 The Chair updated the Board on a meeting with the new President and CEO of the Law Society which had included further discussions on our future relationship with the Society. Other meetings since the May Board meeting included those with the Chair of CiLEX Regulation, the Chair and CEO of the Legal Services Board, the Chair of the Bar Standards Board and the President and CEO of the Law Society of Scotland.
- 4.7 The Chair thanked Barry Matthews for attending the Westminster Legal Policy Forum Keynote seminar on improving diversity and inclusion in the legal sector. Jane Malcolm had also attended and spoke on a panel session on the impact of data gathering, analysis and publishing on meeting regulatory requirements for diversity.
- 4.8 The Chair also thanked those members who had attended the Parliamentary Reception on 19 June 2019 which Bambos Charalambous MP had kindly hosted. Lucy Frazer QC MP and the Justice Minister Paul Maynard MP had attended what had been a successful evening and a good opportunity to explain our work to parliamentary colleagues and to hear their concerns and suggestions.
- 4.9 Finally, the Chair thanked Selina Ullah for joining her in hosting a Meet the Board session for staff at our offices at The Cube on 24 June 2019. Around 30 staff had attended what had been an interesting session providing the chance to hear from

SRA BOARD



CLASSIFICATION – PUBLIC

them about their experiences of the SRA and to talk to them how we work as a Board.

5 COMMITTEE CHAIR REPORTS

- 5.1 The Board was asked to consider a written update from the Chair of the Finance and Audit Committee which had met on 2 July 2019. The Board discussed the report and noted ongoing work on compliance with GDPR requirements on which further updates would be provided by the Executive to the Board in September 2019.
- 5.2 It was agreed that the oral report from the Chair of the People Strategy Committee would be taken in private session with the CEO since it contained confidential information. A written report of this meeting would be circulated once available.
- 5.3 The Policy Committee had not met since the previous Board meeting.

NB: this report will not be published because it includes discussion of risk that might be exacerbated by publication and personal data or matters involving a named individual.

6 CHIEF EXECUTIVE'S REPORT

- 6.1 The Chief Executive presented his report. He updated the Board on proposals for models of delivery of the SQE, emphasising the need to keep the costs of SQE as low as possible. Further proposals for decision would be brought to the Board later in the year.
- 6.2 The CEO outlined proposals for increases in candidate fees for the Multiple Choice Test and Objective Structured Clinical Examination elements of the Qualified Lawyers Transfer Scheme. It was agreed that more information was required before a final decision could be made.
- 6.3 The Board noted an update on work on anti-money laundering and the likelihood of changes on our supervised population arising from the implementation of the 5th Money Laundering Directive.
- 6.4 The Board noted the correspondence from the Junior Lawyers Division to the Justice Select Committee on the LSB's decision making process.
- 6.5 The CEO updated the Board on progress on delivery of the Modernising IT Programme and reported the successful introduction of a new finance system earlier in the month.
- 6.6 Board members noted the most recent KPI results and that work was underway on a review of KPIs. The Executive would provide an update to Board members including a timetable for review and decision and agreed with Board members that measurement of performance against the new Corporate Strategy and associated objectives would be a key consideration.

SRA BOARD**CLASSIFICATION – PUBLIC**

NB: some 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 SOLICITORS QUALIFYING EXAMINATION (SQE). THE FINDINGS OF THE SQE 1 PILOTING AND TESTING

- 7.1 The Board was asked to consider the findings of the testing and piloting of SQE 1. Peter Houillon, Chief Executive and Eileen Fry, SQE Director, from Kaplan Financial Ltd, our SQE assessment organisation, joined the Board for the first part of this discussion.
- 7.2 Peter Houillon gave Board members a brief overview of Kaplan and its work and with members of the Executive explained that the purpose of the testing and piloting which had taken place in March had been to test what good assessment looked like.
- 7.3 Board members noted that the pilot had been a very helpful exercise and provided considerable assurance that we could deliver a fair and robust qualification which the public and law firms could trust. Some more work was required to achieve the final design and a second pilot would take place in the autumn with results available in December.
- 7.4 The Board noted the findings of the testing and piloting of SQE 1 and that further information, including on the testing of skills within the SQE, would be brought to the Board in the autumn. The results of the pilot would be published in due course.

NB: the paper for this item will not be published because it relates to emerging policy. The pilot results and the SRA's response to them will be published by the end of July.

8 2019/20 PRACTISING FEES AND COMPENSATION FUND CONTRIBUTIONS – FINAL DECISIONS

- 8.1 The Board was asked to make final decisions on the Practising Fees and Compensation Fund contribution determinations for 2019/20.
- 8.2 The Board had approved the Compensation Fund contributions and Practising Fees at its previous meeting in May 2019. The latter had been subject to a public consultation by the Law Society which had taken place but had not resulted in any changes to the proposed fees.
- 8.3 The individual Practising Certificate fee would remain at £278 for 2019/20. The total amount to be collected from firms through entity fees would increase from £59.8m to £61.5m. The Compensation Fund contribution for individuals would reduce from £90 last year to £60 this year and for firms holding client money from £1,680 to £1,150.

SRA BOARD**CLASSIFICATION – PUBLIC**

- 8.4 The Board noted that since the meeting papers had been circulated some of the figures relating to the Licensed Body fee determinations at annex 3 had been reduced by 0.01% following further reconciliation of the figures. *NB: annex 3 of the published paper includes these updates.*
- 8.5 The Board made the following determinations:
- (a) the Practising Certificate Fee Determination [2019] in annex 1
 - (b) the Recognised Body and Recognised Sole Practice Fee Determination [2019] in annex 2
 - (c) the Licensed Body Fee Determination [2019] in annex 3 (as amended)
 - (d) the Determination of Compensation Fund Contributions [2019] in annex 4
 - (e) the Determination of Compensation Fund Contributions for Licensed Bodies [2019] in annex 5.
- 8.6 The Practising Fees and the Compensation Fund contributions were subject to final approval by the Legal Services Board and the appropriate application would now be made.

NB: annex 6 of the paper, the PC Consultation Fee 2019 – Summary results, will be published by the Legal Services Board in due course.

9 PROPOSAL TO CONSULT ON THE REFORM OF ADVOCACY

- 9.1 The Board was asked to consider proposals to consult on measures to improve our regulation of advocacy standards. These proposals covered three main areas: how we improve assessment; how we provide support post-qualification, and how we better understand the scale and nature of the issues through reporting about standards.
- 9.2 The Chair noted that the Board had discussed the background to this work in its workshop session earlier in the day. Board members noted that it was now accepted that that the Quality Assurance Scheme for Advocates (QASA), which had been the subject of a number of unsuccessful legal challenges but not been implemented by any of the regulators involved, was not the answer to the issues that had been identified. We will be applying to the Legal Services Board to remove the QASA Regulations.
- 9.3 The Board agreed that we should consult on our proposals in the coming weeks:

NB: this paper will not be published as it relates to emerging policy. The final consultation paper will be published in the near future.

SRA BOARD**CLASSIFICATION – PUBLIC****10 INCREASING THE OPENNESS OF BOARD DECISION MAKING**

- 10.1 The Board was asked to consider proposals for enhancing the openness of Board decision making following discussion at earlier workshops.
- 10.2 The Board noted that we have tested our thinking with other regulators and looked at good practice. In particular Board workshop discussions on open meetings had reached the view that the emphasis should rather be on better ways of providing accessible, meaningful and contextualised information about how the Board works and makes its decisions. This would mean that people from every community can easily find what they need at a time and in a way that suits them.
- 10.3 Board members discussed the proposals in paragraph 10 of the paper. They agreed that it was important to ensure that where there was good reason for a paper not to be published, the minutes of the meeting included an explanation as to why. They also agreed that it was justifiable not to publish papers which covered emerging policy or draft papers which would be published in their final form. So, for example, a paper covering a consultation which would be published might not itself be published. It was confirmed that the statement explaining how we are accountable to our stakeholders referred to at 10 a) would include a publication policy that would set out the tests that would need to be met if papers were not to be published. The statement would be brought to the Board for approval.
- 10.4 Board members noted that the review of Board level KPIs referred to at 10 g) had been considered under item 6, the CEO's report.
- 10.5 Board members also agreed that it was important for them to be visible around England and Wales and to meet a wide range of stakeholders. They noted that their next meeting in September would be held in Bristol and would include opportunities to meet with local stakeholders such as community groups, local law societies and support networks
- 10.6 Subject to these points Board members agreed the proposals for increasing the openness of Board decision making set out in paragraph 10 of the paper.

11 STRATEGIC RISK REGISTER

- 11.1 The Board was asked to consider a progress report on the management of key organisational risks as set out in the Strategic Risk Register.
- 11.2 The Board noted (paragraph 6) that in the autumn it would be asked to undertake a full review of our approach to risk including the Strategic Risk Register, and our approach to risk management more generally. This would include a review of risk appetite levels. Board members commented that it was important to be clear what the likely impacts might be if any risks were not indicated as green on the Register following mitigation.

SRA BOARD

CLASSIFICATION – PUBLIC



11.3 The new Corporate Strategy would be drafted and out to consultation by the time of the review which would also help to ensure that discussion was relevant to the risks to delivery against the aims and objectives of that Strategy.

11.4 The Board noted the Strategic Risk Register and the Risk Appetite Statement.

NB: The annexes to this paper will not be published because they includes discussion of risk that might be exacerbated by publication.

12 ANY OTHER BUSINESS

12.1 The Chair thanked Board members. There was no other business. The Board would next meet on Monday 9 and Tuesday 10 September 2019 at The Hotel du Vin, Bristol, BS1 2NU.